Austria	Sch22	Indonesia	Rp3100	Portugal	Esc120
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls7.00
Belgium	BFr48	Italy	L1700	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta145
Cyprus	C£0.90	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr10.00	Kuwait	Fils500	Sweden	SKr9.00
Egypt	E£2.25	Lebanon	$L125.00	Switz	SFr2.30
Finland	Fmk7.00	Lux	LFr48	Taiwan	NT$85
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.30	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr120	Morocco	Dh6.00	Turkey	L600
Hong Kong	HK$12	Neth	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr10.00	USA	$1.00

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FINANCIAL TIMES

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World News

Brussels orders ENI to repay state loans

ENI, Italian state-owned holding company, was ordered by the European Commission to repay the L260bn ($192.6m) state loans which it used to cover operating losses of several of its Lanerossi subsidiary clothing companies.

The order is a further sign of EC moves to wipe out distorting effects of state aid before the advent of a single market. Page 18

Kampuchea talks

Indonesian Foreign Minister Ali Alatas said Prince Norodom Sihanouk, regarded as the most credible figure to lead a new government in Kampuchea, had agreed to meet participants in the peace talks near Jakarta. Page 18

Clowes tax fear

The UK's Inland Revenue is attempting to claim tax from Barlow Clowes Gilt Managers, the UK arm of the collapsed investment group, on the grounds that it operated as an unauthorised unit trust. Page 6

Iran hostage offer

The White House reacted coolly to an offer by Iranian leader Ali Akbar Hashemi Rafsanjani to help win the release of American hostages held in Lebanon if Washington released Iranian assets frozen in the US.

Palestinian shot

Israeli soldiers shooting to disperse Palestinian demonstrators in the Shati refugee camp in the Gaza Strip killed a 13-year-old girl and wounded two others, Palestinian sources said.

Speech to be printed

The Polish Communist Party is to publish for the first time Nikita Khrushchev's secret speech to the 20th Soviet Communist Party congress in February 1956, denouncing Stalin.

Namibia war moves

The Namibian nationalist group Swapo said South Africa was moving large numbers of troops, military equipment and fighter planes towards the border with Angola.

Brazilian dispute

Brazilian President José Sarney challenged clauses in the country's draft constitution. Page 4

Strikers arrested

South Korean police arrested nearly 1,400 railway workers and their supporters as they broke up sit-in protests.

Curfew lifted

The Israeli Army lifted curfews on Nablus and nearby Palestinian refugee camps in the occupied West Bank allowing more than 100,000 Arabs free movement after five days

Manila talks stuck

Talks on the future of US military bases in the Philippines were suspended following disagreement over how much compensation Washington should pay. Page 3

New Burmese leader

Sein Lwin, a reputed hardliner, was named to succeed Ne Win as leader of Burma's ruling party. Page 3

Cleaner beaches

The UN Environment Programme said four out of five Mediterranean holiday beaches were clean after a 13-year cleaning campaign. Page 2

Business Summary

New investor compensation plan angers UK banks

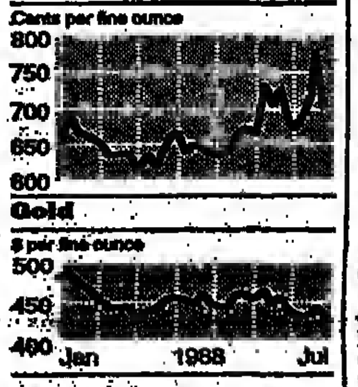
The UK's Securities and Investments Board, chief regulator of the City of London, yesterday published details of Britain's first comprehensive investor compensation scheme and provoked a hostile response from the banks and large securities firms. The scheme will cost all investment firms, on average, 1 per cent of their gross revenues in a year. Page 18

SMITHKLINE Beckman: Senior executive James Cavanagh resigned as head of the company's US drugs business in the face of a fall in demand for its ulcer drug, Tagamet. Page 19

THE FRENCH minority Socialist Government replaced Jean Dromer, the chairman of Union des Assurances de Paris (UAP), biggest French state-owned insurance group, with Jean Peyrelevade, banker and adviser to former prime minister Pierre Mauroy. Page 19

NATIONAL Westminster, largest UK clearing bank, announced pre-tax profits of *£702m ($1.21bn) for the first* half of the year, confirming profitability and reduced problems with Third World debt. Page 19

SILVER: The price of silver bullion tumbled again after Friday's rise on speculative buying, falling to 692 cents



before edging back to close at 702 cents. The fall triggered a sympathetic fall by gold, at $427.50 at one point before it closed at 431.50. Page 30

AMFAC, the San Francisco-based plantation and trading house best-known for its vast land holding in Hawaii, said it had agreed to be acquired for $929m or $49 a share by a Chicago-based real estate group backed by Merrill Lynch. Page 20

AMOCO, the US oil company poised to take over Canada's Dome Petroleum, reported a sharp advance in second-quarter earnings, mirroring the increases recorded by other US oilmajors. Page 20

INTERNATIONAL Business Machines, the world's largest computer maker, undraped a new series of mainframe computers which it says will be 25 per cent more powerful than models now on the market. Page 20

MR PETER de Savary announced plans to spend at least £55.75m ($96m) to establish a container and bulk handling terminal on a greenfield site in Kent, south-east England. Page 24

ADVANCE Bank Australia's buoyant results sustained acquisitive jockeying in the Australian banking industry, as the bank outpaced larger rivals with a 51 per cent rise in after-tax profits to A$26.5m (US$21.5m) in the year to May.

BANK OF East Asia, Hong Kong's largest family-controlled bank, reported consolidated profits of HK$79.3m

Tehran under new pressure as Iraq sends in guerrillas

By Andrew Gowers in London and **Our United Nations Correspondent** in New York

IRAQ UNLEASHED Iranian opposition guerrillas yesterday to make a military strike deep inside Iran, further complicating United Nations efforts to arrange a ceasefire in the Gulf war.

Iran reported heavy fighting after Iraqi troops accompanied by members of the Mujahideen-e Khalq organisation, a left-wing opposition group based in Iraq, poured across the central warfront in one of the deepest penetrations into Iran since the eight-year-old conflict began. Baghdad, claiming to have withdrawn its forces across the frontier after an offensive at the weekend, denied that Iraqi troops were involved.

The Mujahideen's National Liberation Army (NLA) said yesterday morning it was advancing rapidly towards the provincial capital of Bakhtaran, 270 miles south-west of Tehran. But Tehran fought back and said last night that its forces had recaptured the town of Islamabad-Gharb, 60 miles inside the border, a claim denied by the NLA.

The latest fighting suggested that Iraq, which has been urged publicly and privately by the UN Security Council to exercise restraint as talks on a ceasefire get underway, is now seeking to use proxies to keep np the pressure on Iran. Despite Baghdad's denials, yesterday's attack could not have taken place without active encouragement or logistical support from the Iraqis. The Mujahideen does not enjoy widespread support in Iran.

Mr Javier Perez de Cuellar, UN Secretary-General, expressed concern abont the hostilities yesterday as he embarked on ceasefire talks a day earlier than planned with Mr Ali Akbar Velayati, the Iranian Foreign Minister. He is likely to seek clarification of the position from Mr Tariq Aziz, the Iraqi Foreign Minister, who will meet him separately in New York today. For his part, Mr Aziz was still insisting yesterday on direct talks with the Iranians, a condition which Mr Perez de Cuellar believes to be unrealistic at this stage.

The talks at the UN, of which Mr Velayati described his first round last night as "very constructive and fruitful", are expected to continue for a week.

Meanwhile, in a further sign of Western attempts to improve relations with Iran, Britain indicated it would probably send one diplomat back to Tehran. Saudi Arabia's King Fahd also made a conciliatory gesture yesterday, saying that both Tehran and Riyadh "are in need of stability" in the Gulf region.

US posts sharp increase in durable goods orders

By Anthony Harris in New York

SHARP increases in June in US durable goods orders, which rose 8.8 per cent in the month, and in employment costs – up 4.5 per cent at an annual rate – were reported yesterday.

The news caused some weakness in the US bond market and helped to provoke a rise in the exchange value of the dollar despite intervention by the Bundesbank.

Details, however, show that *the increases are due almost* entirely to special factors.

The rise in durable goods orders was dominated by the Pentagon, which had been operating a new order freeze while budget outlays and bidding procedures were under review.

Ordering in most categories was resumed in June and this backlog accounted for 70 per cent of the $10.1bn increase in total new orders during the month.

Non-defence orders rose by just under $3bn, (2.8 per cent) after a fall of 0.3 per cent in May. There was a sharp recovery in civilian aircraft orders, which had been weak in May. In all other categories except primary metals, which showed a 3.5 per cent fall as speculative stockpiling eased, the order trend was essentially flat.

The official employment cost index rose 1.1 per cent in the June quarter, to bring the annual increase to 4.5 per cent, sharply up from the 3.9 per cent annual rate in March and the 3.2 per cent average increase in 1987. This was the biggest annual rise since the September quarter in 1985.

The figure was dominated by the rapid rise in non-wage benefits which have soared in the past half-year.

The increase in the official social security tax has been followed by sharp rise in health insurance charges, reflecting both rising costs and wider coverage.

Benefit costs had been rising closely in line with salaries during the previous three years; this year they have risen nearly twice as fast. In the June quarter, salary costs were 3.7 per cent higher than a year earlier, but benefit costs were up 6.4 per cent.

The rise in salaries, which represents no increase in real earnings, according to the *Department of Labour*, was nevertheless the highest quarterly rise for two years, and about a half point over the recent average. It seems to have been caused by shortages of technical skills and at the bottom end of the labour market. Salaries for technical professionals were 4.8 per cent up on the year and for unskilled labourers the rise was 4 per cent.

Trade unions, which have been showing a much greater preoccnpation with job secnrity than with pay levels, appear to be acting as a restraining influence on costs. Salary increases for unionised workers averaged 2.9 per cent for the year, against 4 per cent for non-union workers.

Britain's economic strength continues

The UK's continued economic strength was underlined yesterday by a Confederation of British Industry survey pointing to the maintenance of bnoyant output and demand. While the survey recorded marginally weaker expectations compared with three months ago, the underlying trend was still strong. Page 7

UK broker and banker on insider deal charges

By Anatole Kaletsky in New York

THE US Securities and Exchange Commission yesterday filed and settled a civil insider trading suit against Mr Geoffrey Collier, a British merchant banker, and his stockbroker, Mr Michael Cassell.

Mr Collier, a former director of Morgan Grenfell, was convicted of criminal insider trading a year ago in London and *fined £25,000 ($42,500).*

The London charges involved Mr Collier's purchases of stock in Associated Engineering, a Morgan Grenfell client, on November 2, 1986, less than an hour before the company announced a takeover bid.

Yesterday's US complaint also charged him with abusing inside information on Cadbury-Schweppes in a relatively small options trade carried out on October 14.

In both cases Mr Collier was said to have used Mr Cassell, at that time a director of Vickers da Costa in Los Angeles, as his broker.

The SEC said that Mr Collier had admitted both the charges, while Mr Cassell settled with the SEC without admitting or denying its allegations.

Yesterday's US action involved no further fines or criminal penalties for either of the defendants.

The only remedy sought, and obtained, by the SEC was a permanent injunction against Collier or Cassell violating US securities laws in future.

Unlike some of the more important inside trading offenders, including Mr Ivan Boesky, the two Britons have not been banned from future participation in the securities industry.

The SEC said that neither of the the two defendants actually made any profit

The SEC action appears to have been undertaken partly as a symbolic gesture, in recognition of the fact that Mr Collier's illegal trading was channeled through a US-registered *securities firm - the Los* Angeles branch of Vockers da Costa.

The SEC may also have decided to act because Mr Cassell was never charged or convicted in the UK.

Both the defendants are also subject to US jurisdiction because they now live in America - Mr Cassell is still a California resident, while Mr Collier has recently moved to New York.

Chancellor Kohl: Outspoken critic

CoCom row blocks W German exports

By David Marsh in Bonn

SIEMENS AND Standard Elektrik Lorenz (SEL), the West German electronics groups, are running into serious difficulties in exporting sophisticated telecommunications equipment to China and Hungary because of delays in liberalising controls on flows of technology to Communist states.

The hold-nps, a factor behind Chancellor Helmut Kohl's outspoken criticism of East-West technology restrictions last week, reflect differences between the US and Western Europe at the 16-nation Co-ordinating Committee on Multilateral Export Controls (CoCom). The Paris-based body vets the transfer of sensitive technology to the Eastern bloc.

The West German delays concern two separate deals involving pnblic telephone exchanges. One is Siemens' agreement wlth China announced last December to deliver an integrated digital telephone system capable of carrying voice and data transmissions.

The order, involving Siemens' EWSD switching system, was part of a widespread accord on boosting electronics co-operation with Peking.

In the other transaction, SEL, now majority-owned by Compagnie Générale d'Electricité of France, is trying to sell its System 12 telephone exchange to Hungary in a sale also designed to include transfer of telecommunications know-how. Both deals are relatively small, but represent important efforts by West German companies to break into Eastern bloc electronics.

The problems are understood to hinge on US Government unease about a proposed

Continued on Page 18

Soviet Union in DM500m bond issue

By Haig Simonian in London

THE Soviet Union yesterday made its long-awaited major return to the international public capital markets with a DM500m ($271.1m) bond led by West Germany's Dresdner Bank at an interest rate cheaper than equivalent domestic borrowings by the West German federal Government.

The deal follows a SFr100m ($65.4m) Soviet bond issue in January which ended a 70-year absence from international public bond markets and was widely seen as a first attempt by the Soviet Union to test the capitalist waters.

The borrower is again the Bank for Foreign Economic Affairs of the USSR, which is responsible for the country's foreign financing needs.

The Soviet Union has in the past been active in the international syndicated loan market, but its two bond issues this year, which are listed on stock exchanges and can be bought by the general public, shows a new willingness to disclose previously secret economic information as well as a greater readiness among investors to buy Soviet paper following the Gorbachov reforms.

The latest deal – for seven years, with a 6¾ per cent coupon and par pricing – was described by bankers in Frankfurt as "in line with market conditions". It had been expected for weeks, and, at a time of rising German interest rates, the borrower was clearly keen to go ahead promptly.

However, the Soviet Union will be paying almost 20 basis points less than the German Government for its funds because of plans for a German witholding tax from next year, which has split the domestic and offshore-D-Mark markets and forced up the cost of domestic borrowing. Equivalent maturity German government paper was quoted at some 6.56 per cent on the secondary market yesterday.

Deutsche Bank, Commerzbank and Westdeutsche Landesbank are inclnded as co-lead managers.

The latest issue is only the start of what may be a large-scale Eurobond borrowing programme by the Soviet Union. Earlier this year, Mr Victor Geraschenko, vice-president of the Bank for Foreign Economic Affairs, suggested the Soviet Union would borrow much more actively in future. However, there are still no details of the currencies it plans to tap, nor the size of sums likely to be raised.

The obstacle of differences over investor claims on pre-Revolutionary Russia, which has hampered previous transactions, is gradually being overcome. The most important dispute, between the UK and the Soviet Union, was settled in 1986, while the Soviet authorities agreed to set up joint committees to look into Swiss claims prior to the Swiss franc issue.

Move to control Azerbaijan row

By Quentin Peel in Moscow

THE DECISION to send a senior Communist Party official with sweeping powers to the disputed region of Nagorno-Karabakh appears to be a backdoor way to impose Moscow rule on the rival Communist Parties in Armenia and Azerbaijan.

Mr Arkady Volsky, a senior member of the Communist Party Central Committee, has the mandate to organise and co-ordinate the work of party, government and economic bodies in both Armenia and Azerbaijan, the two Transcaucasian republics involved in open confrontation over the status of the enclave of Nagorno-Karabakh.

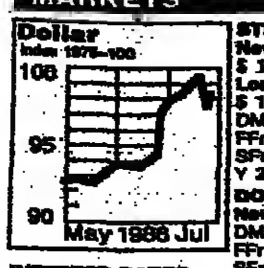
His appointment, announced yesterday by Pravda, the central committee newspaper, could be seen as a sop to Armenian nationalist opinion after the blow of being told that Nagorno-Karabakh cannot be transferred to the jurisdiction of Armenia.

A compromise proposed by the Armenians was for the enclave to be transferred to ultimate jurisdiction of the Russian Federation.

By sending a top Moscow official, the Kremlin has made a move in that direction.

Mr Volsky was expected to

MARKETS



INTEREST RATES
US lunchtime.
Federal Funds 7 11/16% (7 1/2)
3-mth Treasury Bills: yield: 7.099% (6.99)
Long Bond: 99 3/32 (99 5/32)
yield: 9.187% (9.2)
London
3-month interbank close 10 7/8 (10 1/4)

STERLING
New York
$ 1.7090 (1.7205)
London:
$ 1.7135 (1.7205)
DM 3.1875 (3.1875)
FFr 10.7475 (10.7475)
SFr 2.6475 (2.6500)
Y 227 (228)
DOLLAR
New York
DM 1.85775 (1.84725)
FFr 6.2345 (6.2250)
SFr 1.5470 (1.5345)
Y132.45 (132)
London:
DM 1.8605 (1.8455)
FFr 6.2725 (6.2250)
SFr 1.5455 (1.5345)
Y132.5 (132.1)
GOLD
New York: Comex Aug $431.7 (426.8)
London: $431.5 (434.75)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av. 2,073.97 (+2.14)
S&P Comp 265.19 (+0.51)
London:
FT-SE 100 1,8377 (−0.8)
World: 125.9 (Mon)
Tokyo
Nikkei Ave 27, 303.75 (+120.23)
Frankfurt
Commerzbank 1468.4 (+20.6)
OIL
Brent 15-day (Argus) $ 15.40 (−0.40)
West Tex Crude $ 15.975 (−0.30)

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Ghost of communism haunts Indonesia again

The latest of President Suharto's regular anti-communist purges, often used in the past to distract attention from economic problems, is seen as part of a wider internal power struggle. Page 3

New rules set for airline competition

By David Buchan in Brussels

THE EUROPEAN Commission has announced new rules to prevent agreements between airlines on fares and flights, on computer reservation systems and on airport handling services from restricting competition in European air transport.

Three regulations, adopted yesterday, set out the ends to which the Commission intends to pnt the new powers it gained at the time of last December's agreement by EC governments to liberalise air transport. These powers inclnde the right to investigate and fine anti-competitive behaviour.

The rules will be made retrospective to January when the new air liberalisation regime came into effect. But Commission officials said they knew of no current agreements which would be invalidated or prosecuted. Rather, the rules were designed as a guide for the future.

According to a Commission statement, agreements by airlines to co-ordinate capacity and schedules, to pool revenue and set fares, and to allocate airport slots had to benefit all Community air travellers, leave individual airlines with "the largest possible freedom to act independently", and not weaken the position of airlines which were not party to such agreements.

A senior official warned that the Commission would watch particularly closely airline conferences setting fares or airport slots, and would expect to send its own observer.

A second regulation permits agreements on ground handling services, provided no air carriers are discriminated against and that carriers retain some choice between handling agents.

A third regulation gives conditional approval to the Amadeus and Galileo computer reservations (CR) systems operated by various EC airlines. The conditions are free access to the systems, elimination of bias between air carriers listed in them, and the possibility of air carriers and travel agents to cancel their CR contracts "without penalty at reasonably short notice".

The Commission is so concerned about the possibility of CR systems being used to rig competition that it also announced that it would be proposing a mandatory code of conduct to EC governments for their approval. Two-thirds of all European airline bookings are made through airline-owned CR systems, and, as the Commission noted yesterday, "there is always a temptation for these companies to build into their systems a bias in their own favour, through screen presentation, speed of access or quality of information given".

The Commission has already taken action on its own account. Sabena is shortly expected to be fined following a complaint by London European (now Ryanair Europe) that it was abusing its dominant position in the Belgian market by restricting its access to the Saphir CR system.

Bid to meet all-Europe telephone deadline

By Hugo Dixon

TELECOMMUNICATIONS operators in Europe are working overtime to resolve a dispute with manufacturers over intellectual property rights, which is delaying the announcement of contracts for the pan-European mobile telephone network.

This network, due to come into operation in 1991, will be based on the latest digital cellular technology and will allow people to use the same type of telephone throughout Western Europe.

The network operators are trying to resolve the issue by the end of this month, the deadline for announcing contracts with suppliers.

Mr John Carrington, chief executive of British Telecom Mobile Communications, said that Cellnet, its 60 per cent-owned cellular snbsidiary, would not be placing a contract until the issue had been clarified.

Another operator said a failure to meet the deadline would be "embarrassing". He was particularly worried that, if it was not resolved now, the issne would drag on for months because of the summer holidays.

The dispnte stems from a desire by operators to achieve an open and competitive market for the supply of infrastructure for the network.

Because of the complexity of the project, they believe mannfacturers may infringe each others' patents. They have been concerned that legal squabbles between rival manufacturers could delay the project and that they would be caught in the cross-fire.

The operators have therefore been insisting that all suppliers agree not to bring injunctions against other manufacturers who may infringe their patents. If the patents are essential to the production of parts of the infrastructure, the manufacturers should agree not to charge their rivals royalties.

The operators have also been insisting that suppliers give them open-ended indemnities against any losses they might suffer as a result of any patent infringements. This is the requirement to which manufacturers particularly object.

Mr Philippe Dupuis, an executive at France Telecom, who is co-ordinating the operators' side of the issue, admitted that the end-of-the-month deadline was very tight. He said, however, that he expected a satisfactory compromise would be reached within "a matter of days".

Commission orders repayment of aid for Italian textiles

By David Buchan by Brussels

THE ITALIAN state-owned holding company, ENI, was ordered yesterday by the European Commission to repay to the Italian Treasury the L260bn (£112m) with which it had covered operating losses of several of its Lanerossi subsidiary clothing companies.

The order for repayment of such a large amount of "illegally granted" state aid to Lanerossi is a further sign of the Commission's effort to wipe out the distorting effects of state aid in the run-up to the single European market.

In the light of the recent controversy over state aid to Rover, the UK car company, it showed that the Commission was acting "even-handedly, between sectors and countries", a senior Brussels official said.

The Commission said it made the repayment order, which leaves Rome two months to comply, or challenge it in court, because the state aid had never been tied to a restructuring plan for the loss-making Lanerossi companies and had adversely affected intra-Community trade.

Mr Colin Purvis, an official of the British Textile Confederation, reacted with "delight" to the decision. Keeping failing Italian companies afloat with pnblic money had rednced other EC company sales in that market, he claimed.

In 1983 the Commission approved Ecu100m (£65m) aid for Lanerossi, bnt warned against any further aid. Between 1983 and 1987, however, Lanerossi's entire losses of Ecu184m were covered by capital injections from its parent, ENI. At the end of this period, ENI decided to pull out of the clothing sector, with more than one third of the Lanerossi workforce given early retirement and the rest transferred to other activities under private ownership.

The Commission found the regional justification for state aid – several Lanerossi plants were located in the relatively depressed Mezzogiorno area – was outweighed by the lack of any attempt to restructure the clothing companies at a time when the whole EC textile sector was going through a difficult adjustment period.

At the same time, the Commission yesterday approved the Italian Government's request to give another ENI subsidiary, Lanerossi Vicenza, an Ecu1.8m interest rate subsidy, linked to capacity cuts.

Mr Sntherland has been warning that state aid may become a bigger threat to competition rules than price-fixing. If other barriers to intra-EC trade come down, the distorting effect of state aid will become relatively larger. A recent Commission compilation showed aid by EC governments totalled Ecu93bn last year. At the same time, the Commission has stepped up state aid "recovery" orders, from Ecu11m in 1986 to Ecu747m last year.

● The Commission announced that it was investigating planned state aid to Dalmine, the tubemaking subsidiary of Italy's Finsider. It was also inquiring into planned state aid for Portuguese steelmaker Acos Toni Feteira, and into an interest subsidy granted by the Basque region to steel producer P. Echeverria.

Commission seeks a better life for EC bats and birds

By David Buchan in Brussels

LIFE for those other European Community citizens - otters, rarer breeds of snake, lizards, the butterfly, not to mention the pipistrelle bat - could become safer and their habitat better protected if EC governments approve a European Commission proposal announced yesterday.

EC legislation on wildlife conservation has focused until now mainly on birds, by definition the most migratory of animals across EC borders. Even there, success has been as much because of an apparent new trend for many migratory birds to avoid the Italian mainland with its innumerable sharpshooters, one EC official quipped yesterday.

The Commission's new approach is to propose protection of the habitat of threatened flora and fauna, as well as the animals and plants themselves.

It believes a consistent approach would be particularly valuable in frontier areas, and it is proposing to create, with the help of member states, a network (known as Natura 2000) of classified protection areas, each designated with a Community symbol.

The Commission is also suggesting modifications to an existing EC environmental directive that would require the assessment of the environmental impact of any project likely to damage the conservation potential of a special protection zone.

Killing of certain species with snares, electrical devices, explosives, gassing, automatic weapons and crossbows would be forbidden, as would any sale of steel-jaw leghold traps and self-locking body snares.

The proposed directive comes too late to help its anthor, Mr Stanley Clinton Davis, the European Commissioner for the Environment. He, along with Lord Cockfield (the other British appointee to the Commission) will be forced to leave his Brussels habitat at the end of this year, by command of Mrs Margaret Thatcher, Prime Minister of a nation sometimes caricatured for its greater love of animals than people.

W German interest rates rise

WEST GERMAN money market rates rose yesterday amid growing fears that the Bundesbank will opt for a generally restrictive monetary policy at tomorrow's council meeting, Reuter reports.

Monetary analysts said the central bank is still worried about persistently high money supply growth, the relative weakness of the D-Mark and their common threat of inflation. To many, this means a rise in the 4.5 per cent Lombard rate is almost inevitable. But some said the Bundesbank might prefer to use more subtle methods to squeeze money market liquidity.

Overnight call money edged back up to the year's high of 4.50/60 per cent yesterday morning from 4.40/50 on Monday, while one-month domestic funds rose to 4.80/90 from 4.70/80, three-months to 5.00/15 from 4.90/5.00 and six-months to 5.25/35 from 5.00/10.

"Short-term funds are in strong demand and money is going to remain tight," said Mr Hans-Ulrich Schmidt, head of money market dealing at Berliner Bank AG in Berlin. Mr Andrew Speirs, northern European economist at Morgan Grenfell in London, added: "The Bundesbank will want to keep the screws on but it will not want to overdo it either."

Over the past five weeks, the Bundesbank has raised its key securities repurchase rate in three stages to 4 per cent from 3.25 and its discount rate to 3 per cent from 2.5.

As well as raising borrowing costs, the central bank has also restricted the availability of funds by buying D-Marks for dollars in and out of the open currency market but only partially "sterilising" these purchases via repurchase tenders.

"The Bundesbank has withdrawn a lot of funds through dollar/mark intervention," said Berliner Bank's Mr Schmidt. West German foreign currency reserves have fallen more than DM16bn since early May, according to Bundesbank statistics. This has caused headaches for many banks, which barely had time to recover from last week's regular tax payment period before dealing with this week's pension payments and usual scramble for funds to meet month-end minimum reserve levels.

Enclaves to become part of Spain

By Tom Burns in Madrid

CEUTA AND Melilla, the two Spanish enclaves on Morocco's Mediterranean coast, would be defined as "integral parts of Spain" while receiving a measure of self-rule under a draft bill being prepared by Mr Felipe Gonzalez's Socialist Government.

A senior official said yesterday that if the Conservative opposition agreed, the bill could be on the statute book before the end of this year.

The legislative plans come in the wake of a keynote four-year economic agreement worth Pta125bn (£600m) signed between Spain and Morocco last month, and in the midst of a separate Spanish political row over the future of the garrison towns.

The bilateral agreement appears designed to take the heat out of a perennial Moroccan claim to Ceuta and Melilla, a demand that mirrors Spanish claims for sovereignty over Gibraltar.

The political row followed the publication of a paper prepared by a think-tank set up by the Socialists which called for a "negotiated solution" over the enclaves with Rabat. A series of parliamentary questions have subsequently been filed by the opposition parties calling on the Government to define its policy towards the enclaves.

The release of details of the draft bill yesterday was aimed both at taking advantage of the recent improvement in the Spanish-Moroccan climate and at countering allegations by the opposition that Socialists planned to "sell out" the enclaves.

Ceuta and Melilla, each of which has a racially-mixed population of about 60,000, are defined by the draft bill as "integral parts of the Spanish nation and part of its indissoluble unity."

But the legislation would allow the towns to elect a parliamentary chamber with some administrative authority.

Aer Lingus profits soar 90%

By Kieran Cooke in Dublin

AER LINGUS, the Irish state airline, has announced pre-tax profits of I£37.8m (£32.3m) for the year to March, a 90 per cent increase over the previous year.

The results represent something of a personal triumph for Mr David Kennedy, who retires as chief exechtive later this year after 14 years. He has presided over a diversification programme which has restored Aer Lingus to financial health. External activities, mainly hotel operations in Britain, Europe and the US, contributed I£22.6m to profits in 1987/88. During the past year Aer Lingus has invested I£35m in the purchase of the Copthorne hotels chain in Britain and Europe and sold its Omni International group of hotels in the US for I£65m.

An important contribution to profits was the airline's 16 per cent stake in GPA, the Shannon-based aircraft leasing operation. GPA made after-tax profits last year of $101m. Aer Lingus says it is continuing to look at further ancillary investments.

There was a big improvement in the airlines division, with profits up to I£15.3m compared to I£2m the previous year. Mr Kennedy said this was due to three inter-related factors: lower costs; lower fares; and the highest traffic increases for more than 20 years. Overall passenger traffic increased by 17 per cent with nine new routes opened as a result of the European "open skies" policy.

Irish growth forecast at 0.5%

By Kieran Cooke in Dublin

IRELAND'S gross national product is set to grow by half a per cent this year, according to the central bank. This is well below recent predictions of 2-3 per cent made by Mr Charles Haughey, the Prime Minister.

In its quarterly report, the bank says domestic demand will continne sluggish and there is little sign of a drop in unemployment, at present running at 19 per cent.

There is optimism on other fronts: inflation will be at about 2 per cent for the year and exports are likely to continue their bealthy growth.

Above all, government deficits and borrowing are likely to be "considerably lower" this year. The bank says tax revenue has grown considerably in the first six months of the year. "For the full year tax revenues are expected to exceed the budget target by a substantial margin."

W German charter airline wins five domestic routes

WEST GERMAN charter company Aero Lloyd said yesterday that it had received permission to compete with the national airline Lufthansa on five busy domestic routes, AP reports from Frankfurt.

The Frankfurt-based company said it will begin scheduled flights on Oct. 31 on Duesseldorf-Hamburg, Frankfurt-Hamburg, Frankfurt-Munich, Hamburg-Munich and Frankfurt-Cologne routes.

Aero Lloyd, one of West Germany's major charter airlines, said it will offer only economy-class tickets at between 10 per cent and 15 per cent lower fares than those charged by Lufthansa.

East bloc leaders shaken by neo-nazi violence

By Leslie Colitt in Berlin

A WAVE of violence and destruction involving skinheads and young neo-Nazis has shaken the Communist leaderships of Eastern Europe.

Incidents involving extreme right wing youths in Hungary, Czechoslovakia and East Germany have led to suggestions that, as in the West, they may stem from a rejection of the distorted values of their society.

An Interior Ministry official in Budapest spoke last week of racist attacks by Hungarian skinheads on Cubans and a Chilean who received stab wounds.

Interviews were broadcast with skinheads who called themselves "pure Aryans" and said the gypsies, Hungary's largest and traditionally ill-treated minority, should "go back to India."

Mr Andras Gellert, who prodnced a programme on the right wing phenomenon, said anti-gypsy and anti-semitic sentiments were emerging even among 13 year old school children.

He referred to the skinheads as a possible further step on the road to a fascist ideology.

The Czechoslovak authorities recently passed down prison sentences ranging from five to eight years on three young men who desecrated the graves of Soviet and Bulgarian soldiers in a Prague cemetery.

Among other offences they were found guilty of "supporting and propagating fascism."

Bnt nowhere in Eastern Europe has the emergence of right wing violence stunned the population as in East Germany which in the past often portrayed itself as being among the victims of Nazism.

Dozens of skinheads in East German cities have been convicted of attacking punks and other citizens at rock concerts and football games.

In one attack on punks, the skinheads sung the Nazi Horst Wessel anthem and called out "Sieg Heil" and "Smash the Jewish swine in the snout." Among those given up to two year prison sentences were exemplary students and members of the Free German Youth organisation.

The official media quickly accused skinheads in the West of "poisoning" the young East Germans

Malta's ruling party moves to reverse defeat

By Godfrey Grima in Valetta

MALTA'S Government, led by Premier Dr Eddie Fenech Adami, summoned parliament to an urgent debate this morning in a move to recover from its defeat in parliament over an adjournment motion.

The opposition Labour Party motion, which caught the Government by surprise on Monday evening, adjourned the island's 69-member house of representatives indefinitely.

Urgency, according to parliamentary procedure, nullifies an adjournment decision similar to that secured by the opposition. The snap motion, tabled with perfect timing five minutes before parliament was due to rise, had caught the Government side in a minority.

The motion, which called for parliament to adjourn *sine die*, was moved in protest against the handling of several breach of privilege cases by the speaker of the house and the minister responsible for parliamentary afairs.

It was carried by 33 votes in favour and 27 against. Immediately the sesion ended Premier Fenech Adami wrote to the speaker asking for parliament to convene on Wednesday morning citing education reforms now in front of the house as urgent.

The request was sanctioned the next day.

The defeat has embarrassed the Government. To downplay the issue, the ruling Nationalist Party mass circulation daily Our Nation branded the opposition motion as "a childish prank" aimed at stalling the Government's legislative programme.

Rival opposition newspapers conversely could hardly contain their excitment with what they view as Government inefficiency.

Mediterranean beaches given a cleaner bill of health

By William Dullforce in Geneva

FEW OF the 100m tourists flocking to the Mediterranean this year will get sick from swimming. The Med is gradually being cleaned up, some 80 per cent of the bathing beaches are safe and tourists can become a lot more ill from lying in the sun, according to Mr Aldo Manos, an Italian lawyer who heads the Mediterranean Action Plan.

Recent MAP projects include the inauguration of a $100m underground sewage treatment plant at Marseilles and the start of a floating reception facility for ballast residues from ships at Rijeka, Yugoslavia's biggest port.

Marseilles, a city of 1m people, has just been awarded the European Blue Flag for clean beaches, and the number of oil slicks reported in the Mediterranean has declined.

MAP, co-ordinated by the United Nations Environment Programme (UNEP), is a collaborative effort by the 17 of the 18 Mediterranean countries which signed the Barcelona convention for the protection of the Mediterranean in 1975. Albania, the odd one out, sent an observer to the last meeting.

Tourists need no longer be alarmed by scare stories about the Mediterranean being a sump of pollution, Mr Manos said. The 17 countries had spent "billions of dollars" over the past 13 years cleaning up the sea and further billions were scheduled for projects over the next few years.

As evidence of the improvements effected, Mr Manos pointed to changed attitudes to reporting the condition of the beaches. Earlier governments hesitated to indicate dirty beaches for fear of driving away tourists. Now the French Government published a booklet candidly rating the state of hundreds of beaches. The Italian Ministry of Health reported which beachee reached UNEP standards for safe bathing and which did not.

The fight against oil pollution is co-ordinated from Malta but self-policing by the shipping industry has become an important factor. Greek shipowners run their own programme.

Unemployment rate edges up in France

By Paul Betts in Paris

UNEMPLOYMENT continued to rise in France last month, reaching a rate of 10.5 per cent compared with 10.4 per cent at the end of May, according to official figures.

They sbow a rise of 0.8 per cent on a seasonally adjusted basis in the number of people in search of jobs. The total rose to 2,578,300 in Jnne from 2,558,800 the previous month.

The rise in unemployment had been widely expected by the new Government which had warned that the jobless total could increase by as much as 200,000-250,000 by the autumn.

The increase reflects the end of the programme of temporary training and other short-term employment schemes introduced by the previous Government in an effort to hold down unemployment and open new job prospects for young people.

The Government intends to replace these schemes with its own job-creating programme which is expected to be unveiled next September by Mr Michel Rocard, the Prime Minister.

Waldheim's opponents win battle over sculpture

Judy Dempsey in Vienna tells the story of Alfred Hrdlicka's memorial to Austrian resistance

AN UNSEEMLY row between Vienna's two main political parties over the siting and even existence of a sculpture commemorating Austrian resistance to occupying Nazi forces during the second world war ended yesterday with victory for a controversial sculptor and at least some members of the Austrian Socialist Party.

At the centre of the storm is a large memorial in two sections by Mr Alfred Hrdlicka, one of Austria's greatest sculptors and a prominent opponent of Austrian President Kurt Waldheim.

This year is the 50th anniversary of the Nazi invasion of Austria – the Anschluss. The sculpture was commissioned five years ago by Mr Helmut Zilk, tbe present Socialist mayor of Vienna wbo's city council had agreed that the memorial sbould stand just across from tbe Albertina Museum, in the beart of Vienna and on the site where 300 people were killed in a bombing raid during the second world war.

As Mr Hrdlicka neared completion of the sculpture, the Conservative People's Party (OEVP) unexpectedly protested at its proposed location.

Its reasons were, to put it mildly, astonishing. But within an Austrian context they are just about understandable.

The OEVP is staunchly supported by the Kronenzeitung, a right-wing tabloid newspaper, which has a readership of more than 2m (out of a population of 7.5m). It says that Mr Hrdlicka cannot place his memorial at the Albertina on the grounds that it is a building and therefore runs foul of a state stipulation that no building he erected on the site.

The OEVP agrees that the monument is a building and adds that it would "spoil the view of the Albertina," a 19th century museum wbose own architecture is threatened by pollution from the scores of large tourist buses which park outside it every day.

And Mr Erhard Busek, considered to be one of the OEVP's party's few real liberals, suggested that such a memorial would "disturb the dead" who lie underneath. This is despite the fact that the OEVP did not block previous plans to have an underground car park built at this site.

Then Mr Michael Graff, a former general secretary of the OEVP, entered the fray. Mr Kurt Waldheim's presidential campaign had been marked by controversy over repeated allegations that he had concealed part of his war record in the German army under the Nazis. Mr Graff provoked publicity insaying that no problem existed as long as it could not be proved that Mr Waldheim bad not strangled six Jews with his own hands. Mr Graff attacked the sculpture proposal, in his inimitable way, by saying that it would be impossible that any anti-fascist monnment designed by Mr Hrdlicka should be commissioned and exhibited because the sculptor himself is a Stalinist.

Mr Hrdlicka was in the Communist Party until the Soviet invasion of Hungary in 1956; Austrian intellectuals argue that this is beside the point.

Many see that the real reason behind such vehement condemnation of the monument is the sculptor's opposition to Mr Waldheim.

Along with hundreds of otber intellectuals, Mr Hrdlicka was instrumental in organising demonstrations calling for the resignation of Mr Waldheim. To attract attention to their cause, Mr Hrdlicka constructed tbe famous (or infamous) giant wooden horse which became a rallying focal point for Austria's disaffected and liberal intellectuals.

"The point is that sections of the OEVP and the Kronenzeitung, which spearheaded Mr Waldheim's campaign for president as well as openly supporting him earlier this year during all the allegations concerning his wartime past, is now getting its own back on Hrdlicka," one Austrian artist commented.

Bnt as the controversy raged, Mr Zilk who commissioned the sculptor in the first place, was nowhere to be seen. While Mr Franz Vranitzky, the Socialist chancellor, along with other Socialist politicians, wanted the monument to be sited at the Albertina, Mr Zilk remained silent.

He is a noted populist, who has his eye eventually on the presidency, and until now, has always been supported by the Kronenzeitung. "Get this paper on your wrong side and you have 2m voters against you," one journalist commented, adding that to lose the support of this paper, especially if one wanted to run for mayor or president, would be politically suicidal. Hence Mr Zilk's uncustomary muteness.

In the end Mr Zilk decided to risk losing support from Kronenzeitung's support, but the controversy bas revealed the deep sense of ambiguity by many Austrians towards their past.

The commemorations last March of the Anschluss anniversary demonstrated that Austrian society remains bitterly divided about how the past, the Holocaust and the resistance should be remembered.

The siting of the Hrdlicka memorial in the heart of Vienna will be a permanent and visible reminder to Austrians of what took place in 1938 which is precisely what many Austrians do not want to be reminded of.

In spite of all the efforts made by the chancellor last March to address publicly and come to terms with the past, it seems sections of Austrian society is still reluctant to take it further by honouring those who fought against the Nazis.

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OVERSEAS NEWS

Unpopular army chief replaces Burma strongman

By Robin Pauley, Asia Editor

BURMA'S ruling Socialist Party yesterday elected a retired army general and one of most unpopular men in the country following his ruthless suppression of recent student protests, as its new leader.

Mr Sein Lwin, 64, replaces Mr Ne Win who resigned, citing age, health and personal responsibility for the demonstrations, after an autocracy lasting 26 years during which Burma became one of the world's poorest nations.

The new leader was joint general secretary of the party which made him the fourth ranking member of the secretive ruling heirarchy. He was also in charge of the country's riot police.

His appointment raises serious doubts about whether calls for economic and industrial reform are at all meaningful, and suggest that demands for political reform have virtually no chance of being met. The party congress has already rejected the idea of a referendum which could have ended one-party rule.

Mr Sein Lwin is a close supporter and confidant of Mr Ne Win, who is widely expected to continue to wield power from behind the scenes together with Mr San Yu, who resigned as president at the weekend.

The state radio announced yesterday that Mr Maung Maung Kha, the Prime Minister, and Mr Myint Maung, the Attorney General, had been dismissed. Neither had offered to resign but the state council found both men responsible in connection with student rioting.

The students themselves believe the new party leader was culpable. They singled him out for criticism following the riots in March, June and last week in which up to 280 people were said to have been killed. Mr Sein Lwin also commanded an army company that killed 22 students during anti-government demonstrations at Rangoon University in July 1962.

He was chosen above Mr Aye Ko, technically his senior, who has proposed sweeping economic reforms. His failure to get the top job makes the implementation of the reforms questionable although Burma cannot easily continue with previous policies without quickly facing a major economic crisis.

Inflation is soaring, government stores are virtually empty and the country is saddled with a total external debt of around $4bn. A test of the new leadership will be the approach to Mr Aye Ko's proposals for joint ventures "between the public sector and foreign private concerns, between the cooperative and foreign private concerns and between local private concerns and foreign concerns."

Earlier attempts to liberalise the secretive state's decayed economy and society have foundered because of bureaucratic inertia and opposition from vested interests within the military and other power groups. There are no indications yet as to how all this bureaucratic red tape is to be unravelled and by whom.

Mr Aye Ko said nothing about foreign investment although Japan and West Germany, substantial aid contributors, are already lining up to invest in Burma. West Germany is currently the only Western state involved in a joint venture in Burma.

China's top man in HK urges study of capitalism

By Colina MacDougall

CHINA should systematically study and apply the achievements of modern capitalism, Xu Jiatun, Peking's top official in Hong Kong, has stated.

His comments come as the country, said at last year's party congress to be in the "initial stage" of socialism and eagerly watching Soviet progress in reform, struggles to define a new ideology.

At a seminar in China's special economic zone, Shenzhen, Xu declared that China had earlier had the wrong ideas about capitalism.

Socialism should take the achievements of capitalism as the foundation for its own development, he proposed. Capitalism had benefited production, culture, politics and human civilisation.

China should learn how to operate the economy, the legal system and the handling of social problems from the capitalist countries.

Xu, who as director of the Hong Kong branch of the Xinhua News Agency is effectively Peking's ambassador there, will be keenly listened to in the British territory, which reverts to Chinese rule in 1997.

This speech follows his widely reported remark some months ago that capitalism was one of mankind's great inventions, a comment apparently acceptable in Peking since he remains a trusted emissary.

Other senior officials present at the seminar endorsed Xu's views, notably Ren Zhongyi, formerly party secretary of Guangdong province and now on Peking's powerful Advisory Commission. "Many people in our country still lack a realistic understanding of capitalist society," Ren said.

ANC appoints seven new policy-making officials

THE AFRICAN National Congress (ANC) has appointed seven new members to its policy-making national executive committee, expanding the body to 35 members from 30 previously, the ANC said yesterday, *Reuter reports from Lusaka.*

Some of the new appointments replaced members who had died or been killed in the past three years.

The ANC said that the new appointments included Mr Steve Tchwete, a political commissar in the ANC's military wing Umkhonto we Sizwe (Spear of the Nation), Mr Ronnie Kasrils, a white senior member of the military wing, Mr Stanley Mabizela, the ANC's chief representative in Zimbabwe, and Mr Sindiso Mfenyane, chief representative in West Germany.

The others were Ms Jackie Selebi, head of the ANC's youth and students section, Mr Timothy Mokwana and Ms Jacqueline Molefe.

The Lusaka-based national executive committee, headed by President Oliver Tambo, is the governing body of the ANC, the main guerrilla group fighting to end white rule in South Africa.

Mr Kasrils is the second white to join the national executive committee after Mr Joe Slovo, current general secretary of the South African Communist Party, who was appointed to the body in 1985.

Philippines suspends talks on US bases

By Richard Gourlay in Manila

THE Philippines yesterday suspended talks about the terms on which Washington operates the strategically important military bases in the country because, negotiators said, the US is not offering enough money for the last three years of the current agreement.

Mr Raul Manglapus, the Philippine Foreign Secretary, said that he was not sure whether the talks would resume. However the US Embassy attempted to play down the disagreement, saying it did not consider the talks suspended.

Since a Philippine Justice Department ruling last week that effectively removed the nuclear free provision in the constitution as an obstacle to an agreement, the only area still to be agreed is the compensation package.

For the past five years the US has paid at least $180m a year for the use of Subic Naval, Clark Air and four smaller bases.

However, the Philippines is demanding substantially more money. Mr Manglapus has suggested that $1.2bn a year would be a more realistic figure.

Observers say that an end to the four-long negotiations is still in sight and that the Philippines is simply trying to talk more cash out of a US administration which has budget constraints of its own.

However Manila's often public negotiating tactics, including frequent airing of anti-American sentiment, may colour negotiations on the bigger issue of the future of the bases after the agreement expires in 1991.

American diplomats have said recently that US Congressmen are growing increasingly tired of the anti-bases sentiment coming from Manila, even though surveys show that only a noisy minority want the US to leave the Philippines immediately.

Both sides will have to continue talking, at least until the end of 1991, observers say.

The US cannot replace the bases with anything remotely comparable in cost or strategic location.

The Philippines, for its part, has produced no serious studies, let alone plans, for how it will adjust its economy to the loss of an economic stimulus arising from the bases and their personnel which represent about 5 per cent of gross domestic product.

New IFC fund for sub-Sahara

By Haig Simonian

THE International Finance Corporation (IFC), the private sector arm of the World Bank, is launching a new $60m fund for small and medium-sized businesses in sub-Saharan Africa.

The African Enterprise Fund is intended to help entrepreneurs in sub-Saharan countries planning to develop, expand or rehabilitate their businesses. The fund has an initial lifetime of three years, but may be increased or extended depending on demand.

Financing will be available in a variety of forms including loans, equity and guarantees. Unlike most of the IFC's previous private sector investments, which are restricted to projects with a minimum $5m size, the new scheme entails individual stakes of between $100,000 and $750,000 in projects whose total value does not exceed $5m. The fund will finance up to 40 per cent of a project's cost.

Such small-scale ventures had previously been seen as uneconomical by the IFC, but it has decided to go ahead in view of the fact that the private sector is relatively undeveloped in this part of Africa.

Production in Japan up 2.6%

INDUSTRIAL production in Japan rose 2.6 per cent in June from the previous month, the first gain in three months, Ian Rodger reports from Tokyo.

The seasonally adjusted production index for the mining and manufacturing industries rose to 111.5 (1985=100), according to the Ministry of International Trade and Industry (Miti). Miti forecast that the production index would continue to grow moderately, rising 0.8 per cent in July and 0.7 per cent in August.

It said the June figure was high because of an unusually low figure in May. Production of transport machinery rose 8.7 per cent in June while that of non-ferrous metals was up 4.4 per cent. Ordinary machinery was up 2.9 per cent and textile output was up 2.2 per cent.

Indonesia revives communist fear

John Murray Brown on a smear campaign with chilling undertones

WHEN Time Magazine carried a story recently on *glasnost*, the Soviet Union's new policy of openness, Indonesian censors ignored it but for one small detail. The hammer and sickle illustration, also symbol of Indonesia's banned Communist Party, was painstakingly blacked out of every copy.

Today communism is still an issue, more than 20 years after President Suharto's government formally outlawed the Partai Kommunis Indonesia (PKI). What started last month as a smear campaign by a military-backed paper against novelist and former PKI internee Pramodya Ananta Toer has become an official government investigation into all former communists, 175,000 of whom still work within the bureaucracy.

Newspapers have been ordered to flush communists from their ranks. Mr Pramodya's latest book has been banned by the Attorney General.

In Indonesia the issue remains a useful bogey. It provides the Government with a convenient foil at a time of high unemployment and mounting debt problems. The communist threat is also invoked to justify the military's continued dominance of the country's politics. But many Indonesians suspect this current bout of shadow boxing is part of a wider power struggle as rival government factions square off at the start of President Suharto's fifth term in office.

The 67-year-old President is expected soon to appoint a new head of Pertamina, the state oil company, a position hitherto held by the military. Kopkamtib, the military's murky intelligence arm, is also under review. The armed forces are said to be resisting moves to hand over to civilian control.

Perhaps the most contentious issue is the leadership of Golkar, the ruling party, which is to be decided at the national congress in October. Golkar was once controlled by the military. But under Mr Sudharmono, now the vice-president, the party has increasingly emerged, backed by the bureaucracy, as an independent political focus.

Failure by the military to secure any one of these key posts would represent a significant setback, particularly for Mr Benny Murdani, the Defence Minister. His personal rivalry with the vice-president is Jakarta's worst-kept secret. But if the military is seen as being behind this latest communist scare, it is unlikely that even Mr Murdani anticipated the furore it has aroused, as politicians of all hues displayed their anti-communist colours.

"This is the most depressing development, and so unjust for people who have already suffered so much," said a well-known political commentator who was himself vilified by the communists in the 1950s.

Suharto: changes ahead

The PKI was then the largest communist party outside China and the Soviet bloc, boasting a membership of 2m and polling an estimated fourth of the votes in the country's first election in 1955. Accused of staging the failed leftist coup of 1965 which saw General Suharto seize power, the PKI was banned the following year. An estimated 500,000 Indonesians were killed in the popular anti-communist backlash that ensued. Party leaders were executed and several thousands interned for years without trial.

For many who lived through the period it was a chilling experience. "If in 1945 some people in your country had wanted to establish a Nazi party, would you have allowed that?" said State Secretary Mr Moerdiono in an interview last year. "The PKI was not beyond the ocean, or beyond the border, or even beyond the fence. It was here in our homes.

There was little public comment when in 1986 the Government executed nine elderly PKI members who had already been in jail for over 20 years. The current stir has further exposed the deep vein of anti-communist sentiment running through Indonesian society.

To what extent President Suharto has been influenced remains to be seen. Businessmen believe he will appoint the first civilian head of Pertamina, largely in the interests of more professional and efficient manegement. Mr Feisal Abdaoe, Pertamina's Finance Director, is widely tipped for the post.

The struggle for Kopkamtib is likely to be even fiercer. Putting the agency under civilian control would go some way to satisfy popular calls for more open government. It might also prove a welcome signal to foreign investors.

The military, however, looks set to resist changes and the public hysteria the communist issue has aroused may well have strengthened its case.

Tunisian president sacks seven ministers

THE PRESIDENT of Tunisia yesterday changed nearly half his cabinet, ousting most remaining figures who had served under Mr Habib Bourguiba, Reuter reports from Tunisia.

In his biggest ministerial shake-up since taking power in November, President Zine al-Abidine Ben Ali sacked seven ministers who had held government posts under the former president-for-life.

Mr Mahmoud Mestiri, Foreign Minister and Mr Slaheddine Baly, Minister of State for Justice, were among key ministers to lose their jobs, leaving Mr Hedi Baccouche, the Prime Minister, as the most prominent cabinet member to have held office under Mr Bourguiba.

The president appointed the first minister from outside the ruling Constitutional Democratic Assembly, putting Mr Saadaddine Zmerli in charge of the health ministry.

Once an army general, Mr Ben Ali named Mr Abdelhamid Escheikh, a former military man as Foreign Minister. The new Justice Minister is Mr Hamed Karoui, whose previous portfolio was director of the ruling party.

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AMERICAN NEWS

Alfonsin warns foreign creditors

By Gary Mead in Buenos Aires

PRESIDENT Raul Alfonsin of Argentina has delivered a fresh warning to the country's foreign creditors, describing his nation's economy as similar to that of Western Europe after the First World War.

In a speech with both political and economic overtones, delivered at the University of Buenos Aires, he said: "The economic reprisals were very difficult for the defeated; the result was the appearance of Hitler and Mussolini."

The President referred to the post-1945 Marshall Plan, describing it as creative and imaginative in its consolidation of democracy.

He added: "Today, Latin America faces a similar set of situations, but the Versailles Plan is applied to us. That can no longer be."

The fact that he used the forum of a seminar on human rights and justice for minors to speak on Argentina's debt reflects the considerable pressure being exerted by Argentina on its creditors to come up with a re-financing deal for the country's $56bn debt.

Last week an Argentine delegation returned from Washington empty-handed after seeking fresh money from the International Monetary Fund and commercial banks to finance this year's interest payments, expected to reach $5bn, and to cover 1989.

According to official reports those discussions will be resumed soon.

President Alfonsin did not make explicit reference to previous statements in which he called for a fixing of interest rate payments to what he has termed their "historic" level of 4 per cent.

Nor did he give any hint that Argentina may be considering the repudiation of its debts.

However, it is widely believed that the country has very low foreign currency reserves, and this year's trade surplus is most unlikely to be sufficient to meet the interest payments.

Last month it narrowly averted a default on interest payments, finding the money to pay within six days of the deadline. A similar deadline is imminent.

At the same time, various privatisation deals, which would bring in some desperately needed foreign exchange, show no sign of being clinched.

● The value of the austral, Argentina's currency, is 10 times less than when introduced in 1985, according to the latest report from the Institute of Economics at the Argentine Business School.

In June 1985 the austral bought $1.36. The same austral is now worth 12 US cents.

The austral replaced the Argentine peso in June 1985 as part of the Austral Plan, which was designed to restore credibility to the national currency, as part of a package agreed with the International Monetary Fund.

Bipartisan move on drought in jeopardy

By Nancy Dunne in Washington

A bipartisan effort to produce uncontroversial US drought relief legislation seemed in danger of unravelling yesterday, under the shadow of the November elections.

Both Republicans and Democrats are prepared to be generous with drought aid. However, President Reagan is concerned that Congress is prepared to go too far in offering support and he has written to the agriculture committees to warn against "windfalls" and the addition of "extraneous matters" to the legislation.

The Administration has been working closely with Congress to produce a bill costing no more in relief than $6.5bn-$7bn. That is what the Agriculture Department estimates will be saved by the Government, because higher prices mean paying less in subsidies.

The bills under consideration in both houses would provide payments to farmers, who have production losses of over 35 per cent. Uninsured farmers who received this year's subsidies in advance will not have to repay them "on any unit of production that failed or was prevented from planting due to the drought".

The legislation would also limit payments to livestock producers to $50,000 and combined payments to each farmer could not exceed $100,000.

Sarney plea awaited on constitution

By Ivo Dawnay in Rio de Janeiro

PRESIDENT Jose Sarney of Brazil was last night due to launch a television appeal for support in his attempt to reverse key clauses in the country's draft constitution.

These, he alleges, would cost billions of dollars in additional spending for which the Treasury has no available revenues.

The broadcast, repeatedly postponed on Monday, comes as efforts to find a compromise between the President's Planalto Palace executives and congressional leaders in the Constitutional Assembly appeared deadlocked.

As confusion mounted over what is increasingly being seen as a constitutional crisis, finance ministry officials were briefing their minister, Mr Mailson da Nobrega, after his month-long tour of foreign capitals to explain Brazil's new debt agreement.

It is now widely feared that July inflation may near 24 per cent - worse than previously expected. At the same time, unofficial reports claim that government economists believe the target public sector deficit of 4 per cent of Gross Domestic Product is now virtually unobtainable.

The board of the International Monetary Fund was scheduled to meet yesterday to approve Brazil's economic programme on the basis of the 4 per cent deficit figure.

But the main focus of attention yesterday lay in exchanges between the Planalto and Congress. Mr Ulysses Guimaraes, the Constitutional Assembly's president, has so far appeared doggedly opposed to Mr Sarney's efforts to impose his changes on the draft text.

The President is expected to claim in his broadcast that without the removal of the offending clauses $5bn or more could be added to federal outgoings with no parallel increase in revenue-raising powers, rendering Brazil "ungovernable".

He is seeking changes in the Assembly's voting procedures to allow new amendments and excisions, only themselves reversible by a clear majority of the body's 559 members.

Mr Guimaraes is adamantly opposed to any alteration in the voting system, which currently requires a clear majority to make changes.

Efforts by the presidency to force through its amendments would compromise the sovereignty of the Assembly and could lead to endless filibustering, he has implied.

His resistance appears to be supported by a majority of party leaders and state governors, despite the implicit backing of military ministers for President Sarney.

Brazil bank payments up to date

By Stephen Fidler, Euromarkets Editor

BRAZIL has made a $963m payment to its commercial bank creditors, bringing itself up to date for the first time on 1988 interest payments to banks.

The payments, covering interest for June and the first half of July, came as the executive board of the International Monetary Fund met yesterday to approve a Fund package for the country. The Paris Club of Western creditor nations meets later this week to consider rescheduling of Brazil's official bilateral debt.

Mr Mailson da Nobrega, Brazil's Finance Minister, had a meeting in New York on Monday with Mr Alan Greenspan, chairman of the US Federal Reserve, and the heads of the World Bank, New York Federal Reserve Bank and the Inter-American Development Bank, and a deputy director of the IMF.

The chairman of Brazil's bank advisory committee, Mr William Rhodes of Citicorp, said the reaction of commercial bankers in Europe and in the US to the £62bn rescheduling package for Brazil, which includes $5.2bn in new money, had been "very positive".

● Latin American and African nations met to discuss implementation of a South Atlantic peace zone, AP reports from Rio de Janeiro.

Carlucci to visit Soviet military sites next week

MR FRANK CARLUCCI, the US Defence Secretary, will visit Soviet military facilities next week and will probably be allowed a close look at the Soviet Union's new Blackjack nuclear bomber, the US Defence Department said yesterday, Reuter reports from Washington.

The four-day tour begins on Monday at the invitation of Mr Dmitri Yazov, the Soviet Defence Minister, another step in improved superpower relations which prompted a recent unprecedented tour of US bases by Soviet Marshal Sergei Akhromeyev.

Mr Carlucci will leave Washington tomorrow and spend the weekend in Helsinki en route to the Soviet Union, then visit Turkey for four days before returning home on August 8.

A senior US defence official said that Mr Carlucci will visit the Frunze Military Academy in Moscow and Kubinka Airfield near Moscow, see Soviet ground forces of the Tuman Division and go to key Black Sea naval facilities at Sevastapol.

"We have not had a concrete indication on the schedule that he will see the Blackjack, but Marshal Akhromeyev said when he visited the United States that it would be done," said the official.

The Blackjack is the Soviet Union's swept-wing answer to the US B-1

$3.5bn contract goes to IBM

THE US Department of Transportation has awarded a $3.5bn contract, the largest it has ever awarded, to a team headed by IBM.

The contract, for development of an advanced automation system for the nation's air traffic control network, was also the largest ever won by IBM and could create as many as 1,000 new jobs, Mr Gerald Ebker, a vice-president of the computer group said.

The contract award followed a four-year design competition.

The IBM team, which includes Computer Sciences and Raytheon, beat a competing team headed by Hughes Aircraft, a subsidiary of General Motors.

The Department said the IBM and Hughes proposals were about equal in technical quality and management capability, but the IBM plan cost less.

Cuba turns the clock back to Che's revolution

Tim Coone reports on a new mood in Havana

ONE of the great enigmas of the Cuban revolution is why Ernesto "Che" Guevara abandoned Cuba in the mid-60s, renouncing his ministerial post and his adopted Cuban citizenship, to end his life a couple of years later in the Bolivian jungle attempting to lead a revolution on the Latin American mainland.

Today in Cuba, Che has been elevated to the status of near sainthood. His eyes follow one in streets and offices, even in homes, from hoardings and posters, accompanied by exhortations to "be like him." It is Che who is now the guiding light of the Cuban revolution, who has been chosen to symbolise the process of "rectification."

In the rest of the communist world market forces have been rediscovered, private initiative and enterprise are being encouraged, the laws of supply and demand are being resurrected and incentives are being promoted to improve efficiency and productivity.

Cuba, however, has not only opted to stay with the centrally- planned economy, but also to emphasise moral rather than material incentive, a diametrically opposed path to the rest of the communist bloc.

"If money was to become the fundamental motivation for people (in Cuba) Che, who fought so much against this, would be horrified. He was radically opposed to the use and development of the laws of capitalism in the construction of socialism," said President Fidel Castro in a speech last year commemorating Che's death.

President Castro went on to say that the economic ideas and thinking of Guevara, recently published in a lengthy book, had been ignored in Cuba – presumably because until now they contrasted with the official party line. Those thoughts have now become essential reading for Cuban Communist Party cadres.

It is a profound moral change and a startling admission that the Cuban revolution has been on the wrong path for 25 years. But the rectification "does not signify extremism, idealism, lack of realism, nor abrupt changes. It is to correct negative tendencies, like taking the reins of a difficult horse," said President Castro.

Castro: moral incentive

That horse is the centrally-planned Cuban economy and a workforce that has become accustomed to material incentives. The clock is being turned back to the mid-1960s. The debate over material versus moral incentives has been revived. It is an implicit admission that one of the reasons why Che Guevara left Cuba was because he lost that argument in the mid-60s.

But President Castro now recognises his former comrade's argument that: "The production of wealth without the raising of consciousness will not build socialism."

Mr Eugenio Rodriguez Balari, president of the Institute of Internal Demand in Havana, cited as an example of the shortcomings of the material incentive system the introduction of a new variety of the malanga, a staple vegetable.

The new variety yielded more than twice the weight of the old one. Co-operatives and state farms were urged to plant it. Production rocketed. Outstanding co-operatives and workers were awarded prizes. But nobody would buy the new variety because it was tasteless and watery. The vegetables rotted in the markets.

Rectification has brought to an end the experiment with 300 peasant markets opened in 1980. The laws of supply and demand were allowed to function in these markets, in which fruits and vegetables were traded. "Many private farmers began to make huge profits in supplying certain products not supplied by the state. It also became impossible to stop the development of intermediaries between the producers and consumers. A new capitalist class was coming into being," Mr Rodriguez explained.

"We copied models from the Soviet Union. We placed much emphasis on the material incentive. With the rectification we are now trying to strike a better balance of material and moral incentive with more emphasis on the latter."

The moral incentive is essentially the idea that work is part of one's collective responsibility to society and that the imperative to work comes from fulfilling that responsibility, thereby increasing collective welfare. Motivation through personal gain or increased individual welfare is considered a capitalist concept and is therefore to be shunned.

It is a message directed especially at Cuba's youth.

Cuban society has achieved the goal of providing the basic needs of its 10m population and is now facing the question of where to go from here. The answer for Cuba today is clearly not down the road to a consumer society.

But in the future it is possible that more emphasis will be placed on the production of consumer goods to satisfy the growing demand for simple luxuries. "That is a question that will be discussed at the next Communist Party congress in 1990," said Mr Rodriguez.

In the meantime, the youthful and idealistic image of Che Guevara is the answer to those consumer dreams still being harboured in Cuban homes.

"The temptation is very great to follow the beaten paths of material interest as the driving force of accelerated development," Che wrote, "but it is a dead-end street." A quarter of a century later it seems that the Cuban leadership believes he may have been right.

WORLD TRADE NEWS

Third World voices fear over Uruguay Round developments

By William Dullforce in Geneva

DEVELOPING COUNTRIES' most cherished interests are being disregarded in the Uruguay Round of trade liberalising negotiations, according to Mr Rubens Ricupero, Brazil's chief representative to the General Agreement on Tariffs and Trade.

Brazil's accusation formed part of the widespread dissatisfaction voiced over the past two days by Third World representatives in the Group of Negotiations on Goods (GNG), the co-ordinating body for the Round's 14 separate negotiations.

Mr Ricupero complained of serious imbalances in the conduct of the talks. Developing countries were being pressed to speed negotiations in some areas while those sectors, from which they would derive most benefit, were being paralysed.

India's Mr Amarnath Varma, permanent secretary for trade, warned that "mid-term corrections" would have to be made, to achieve a meaningful outcome from the meeting in Montreal in December at which world trade ministers will review progress in the Round.

Among the targets for complaint by developing countries were the talks on tropical products, textiles and safeguards – the supposedly temporary measures Gatt allows governments to take when an industry faces a sudden flood of imports.

Trade ministers agreed to give priority to liberalising trade in tropical products when they launched the Uruguay Round in 1986. Although several industrial countries have tabled proposal for opening up markets, the developing countries claimed that no real progress has been achieved.

They expressed alarm at the link developed countries are making between tropical products and the key talks on the reform of agricultural trade.

India also spelt out the developing countries' charge that in the talks on intellectual property rights the US, the European Community and Japan are going beyond the trade ministers' mandate.

These big traders were proposing to create within Gatt new norms and standards totally alien to its principles and objectives.

For Mr Michael Samuels, the chief US representative to Gatt, the complaining developing countries were "Cassandras" whose statements might prove to be self-fulfilling.

Tran Van Thinh of the EC said the "repetitive litany of fear and concern" gave the wrong impression of progress in the Round. But he considered that the developing countries' statements showed a resolution to ensure results from the Montreal meeting.

Athens and Moscow sign $2.3bn gas contract

GREECE and the Soviet Union yesterday signed a contract for a $2.3bn (£1.35bn) deal to supply Greek cities with Soviet natural gas, AP reports from Athens.

Industry Ministry officials said a 437-mile pipeline from Bulgaria would carry up to 1bn cubic metres of natural gas annually to Greece from 1992.

The purchase is expected to exceed 2.4 bn cubic metres annually by 2002, but the officials gave no price details.

The contract, signed by the Soviet Union's Soyuzgas Export and the state-owned Greek Public Petroleum Coorporation (DAS), will make Greece the 14th European country buying Soviet natural gas, industry ministry officials said.

According to energy experts, the Soviet gas would cover about 13 per cent of Greece's annual energy requirement.

Greece has not yet announced its financing plans for the project, which also calls for construction of a gas distribution network in Athens, its port of Piraeus and the northern cities of Larissa and Lamia.

Construction of the pipeline is expected to cost around $1bn and the establishment of industrial and domestic outlets could cost another $1.2bn.

Full foreign ownership of new HK network

By David Dodwell in Hong Kong

THE Hong Kong government is to allow full foreign ownership of its second telecommunications network, which is intended to carry cable television across the territory, and is targeted to be in operation in 1990.

Just a week after revealing controversial plans to establish a second network, Miss Elaine Chung, acting Secretary for Administrative Services and Information, said yesterday that foreign ownership of the cable TV broadcasting company would be limited to 49 per cent, with any individual shareholder limited to 10 per cent.

At present, Hong Kong Telephone controls the territory's only domestic telecommunications network and has fiercely contested government plans to introduce competition.

The company holds the monopoly franchise to provide all voice telecommunications in Hong Kong until 1995, and fears a competitor will target the lucrative non-franchise services that are booming in the territory.

Miss Wong noted yesterday that three US telecommunications groups had shown interest in bidding for the new network. Tenders for the network licence, which is likely to involve outlays of up to HK$3bn (£227m), will close in March next year, with the successful bidder chosen in June.

Cable TV programmes are expected to be on the air, by mid-1990, Miss Chung said.

To prevent bidders focusing their main efforts on the territory's central business district, the government will call for tenders providing a balanced network across the whole of Hong Kong.

● Mr Piers Jacobs, Hong Kong's Financial Secretary, signalled yesterday that a decision on a new airport to replace the severely-congested Kaitak is likely to be made early next year.

A new airport is likely to cost at least HK$30bn, and will involve wholesale transformation of the infrastructure of the western part of Hong Kong. Strong private sector interest has been shown in the project.

China replaces ideology with trade goals

Robert Thomson reports on Peking's changing relationship with its neighbours

IN the deep south of China, foreign policy has long obstructed the "open door" to border trade with Burma, Laos and Vietnam, as Peking had been more intent on exporting revolution and sending unwelcome military delegations than signing contracts.

Now, officials in the south-west province of Yunnan, which shares a border with the three countries, have replaced the revolutionary ideals with trade goals and individual cities in the region are opening trade offices on the border in expectation of a boom.

Dali, a key city on the Burma road once used to supply Chinese troops during the Second World War, last month established a trade company in Riuli, near the Burmese border, and christened the company with an export contract for several truckloads of Dali beer.

In Kunming, the provincial capital, foreign ministry officials (who still oversee trade with the three countries) suggest that Burma, which shares a 1,400km border, could be a particularly lucrative market for light industrial goods. Bilateral trade last year was reckoned at Yuan 50m (£7.8m), though estimates are made difficult by the informality of trade by villagers living on the border.

Lu Zhengling, the Foreign Ministry's director of border affairs, expects trade to grow significantly as "we and the Burmese Government support this policy", though growth is likely to be restrained by Rangoon's lack of control over the north of the country, where rebel groups are particularly active.

Trade between the countries became possible after Peking stopped funding and arming one of those rebel groups, the Communist Party of Burma, in the early 1980s. Under Maoist foreign policy, Peking had few qualms about recognising the Burmese Government, while actively supporting its overthrow, and relations detoriated rapidly after the launch of the Cultural Revolution in 1966, when visiting Chinese students clashed with police in Rangoon.

Dali officials have also targeted Burma as the most productive of the province's neighbours and, with the opening of the trade company, predict that the city's exports of Yuan 10m in 1987 will jump this year. But a modest Liu Er-Rong, Dali'e vice-mayor, conceded: "We are not very experienced in foreign trade. We are learning as we go".

Liu said sudden fluctuations in Burmese currency policy, which has included the abolition of several note denominations, has not bruised state-run enterprises, but hinted that some business people had been left holding dead currency.

"Our business people want to be paid in Chinese currency, or they change the Burmese currency as quickly as possible," said the vice-mayor.

Trade with Laos has been encouraged since the normalisation of relations between the two countries last year, ending an estrangement partly caused by Peking's suspicions that the country had become little more than a satellite of Vietnam.

"Even when relations were not normal, residents on both sides of the border crossed to attend local markets and exchange agriculture and sideline products. Recently, our commercial departments have organised more formal trade," Lu Zhengling said.

He estimates that bilateral trade last year was around Yuan 7m, with China selling light industrial goods, cotton and household implements, and importing furs, traditional medicines and herbs.

Trade with Vietnam is also reckoned to be worth about Yuan 7m, although troops from both countries regularly shell each other, and China has accused Hanoi of sending "hit squads" deep into its territory. Bilateral trade potential will increase substantially if Vietnamese troops are withdrawn from Kampuchea, as Peking would then ease the tension on the border.

Present Sino-Vietnamese trade is informal, with villagers of the same minority groups frequently crossing to exchange goods. Lu Zhengling accused Hanoi of attempting to stifle the exchanges "but it is impossible to control because the Vietnamese people can't buy their daily use goods in their country, so they buy them from China."

THE Japanese government has agreed to extend a line of credit totalling Y191.5bn (£860m) to China in fiscal 1988 ending next March to help finance various development and export projects, foreign ministry officials said, Agencies report from Tokyo.

Officials said Japan's ambassador to China and China's vice-foreign minister exchanged notes in Peking to seal the agreement.

The line of credit includes loans totaling Y70bn to be extended by the Overseas Economic Co-operation Fund.

Japan's steel imports nearly double

By Ian Rodger in Tokyo

JAPAN'S steel imports nearly doubled in the first half of the year, rising 96 per cent to a record 6.05m tonnes, mainly because of the boom in Japan's construction industry.

The Government began encouraging imports late last year when it became apparent domestic supplies were not meeting demand, and prices were rising dramatically, especially on construction steels.

Imports of ordinary steel were up 81 per cent in the first half to 3.4m tonnes, taking 9.9 per cent of the domestic market.

South Korea is the main source of these imports, followed by Brazil, Turkey and Taiwan.

● Mitsubishi Corp. said yesterday that it and Chemtex Japan will sign an agreement with Polyacryl Iran Corp to export a man-made textile plant to Iran, AP-DJ reports from Tokyo.

Mitsubishi said the value of the project would be about Y2.6bn.

Boost for car electronics

By Kevin Done, recently in Detroit

THE world market for automotive electronics is expected to more than double to around $35bn (£20.5bn) by the mid-1990s from around $15bn at present, according to studies made by General Motors of the US.

Mr Robert Eaton, recently appointed president of GM Europe and formerly vice-president in charge of GM technical staffs, said that by 1995 the electronic content of vehicles is expected to rise to an average of more than $1,200 from around $500 per vehicle today.

GM's acquisition of Hughes Aircraft three years ago had been prompted by the strategic aim of applying Hughes' expertise in systems engineering and electronics to the development of future car models.

The two companies were now developing more than 90 different projects aimed at bringing Hughes' scientific and engineering expertise to bear on the development of new vehicles and production systems.

The projects include electronic navigation, collision avoidance, active suspension systems, traction control, on-board diagnostic systems, multiplexing and vehicle-to-vehicle and vehicle-to-fixed station communication through satellites.

According to GM, the technology is already feasible and effective for many of these systems, but Mr Eaton said that in some cases the commercial feasibility of large-volume application was still in doubt.

GM expects the market penetration of antilock braking systems (ABS) to continue to expand to the point where they have become standard equipment by the mid-1990s.

US leasing pacts reach $1.2bn

INTERNATIONAL Lease Finance Corp has reached operating lease agreements for 28 commercial jet transports to 14 airlines around the world with a combined contract value of $1.2bn (£705m), it said yesterday, AP reports from Los Angeles.

"These lease contracts cover a broad range of mid-size and major carriers based in the US, Canada, Europe, the Caribbean, Asia, and Africa," said Mr Leslie Gonda, chairman of International Lease Finance.

The lease transactions include the full Boeing line-up of 737, 747, 757, and 767 model aircraft, the McDonnell-Douglas MD-82-83 series, and the Airbus A-310 wide-body twin-jet airplane.

The earliest of the contract delivery dates begin this year and will continue to 1991, the company said.

In other transactions, Mid-West Express Airlines, a unit of Kimberly Clark, has agreed to purchase one DC9-14 from the International Lease Finance portfolio.

Costa Rica contract for Trade Audit

By Peter Montagnon, World Trade Editor

TRADE Audit, a unit of the Swiss-based Inspectorate International concern which launched a new import inspection service for developing countries earlier this year, said it has been appointed by Costa Rica to provide price analysis of its foreign trade.

This is the first contract signed up by Trade Audit, which is competing with well-established pre-shipment inspection companies for developing country business.

It argues that its product, which involves price analysis in the importing country before contracts are signed by the exporter, conforms with international trade rules and is liable to lead to fewer disputes than conventional pre-shipment inspection.

Trade Audit said its two-year contract with Costa Rica will be worth more than $1m (£588,000) over the next two years. It is also now in discussion with several other countries about its new service.

Oil companies in anger at unfair trading charge

By Steven Butler

AN ENRAGED oil industry yesterday hit back strongly at the findings of a Trade and Industry Select Committee report, which recommended that petrol retailing in the UK be subject to an inquiry by the Monopolies and Mergers Commission.

The parliamentary committee said it found "prima facie" evidence of resale price maintenance, which would be illegal under British law. It said that changes in the structure of the market "indicate the possibility" that competition is limited so as to be acting againt the public interest.

The report also launched a broadside against the Office of Fair Trading, the competition watchdog, which it said had not "performed adequately" its duty of monitoring competition in the petrol retailing industry, and that the the OFT was "too impotent to conduct its task."

Sir Gordon Borrie, OFT director general, firmly rejected the charges and said the committee had turned up no new evidence against the oil industry.

"Despite exhaustive inquiries, including taking evidence under oath, the committee found no evidence of collusion between the oil companies, nor that the oil companies were in any other way behaving anti-competitively in petrol retailing," said Sir Gordon.

The oil companies were equally vehement. Texaco said it "utterly rejects" the main conclusion of the report concerning evidence of Resale Price Mainainence. It also accused the committee of being "naive" about the oil company practice of exchanging refined products and finding that this is anti-competitive.

BP said yesterday that the practice of exchanging products, which has been public knowledge for years, promoted competition by allowing companies to compete effectively in markets located far from their refineries.

Mr Viv Thomas, BP Oil marketing director, was incensed at indications the committee took seriously charges that the oil industry illegally colluded on prices. The committee said it found no "conclusive" evidence, but noted this was inherently difficult to detect.

"It is monstrous to hide behind Parliamentary priviledge to make these innuendos against us without the least evidence," Mr Thomas said.

The committee presented evidence of increased control over the market by major petrol retailers, in which the petrol sales by independent dealers declined from 50.9 per cent of the market in 1976 to 44.7 per cent in 1987, with oil company control over urban sites rising faster.

Treasury officials say the changes will make control of expenditure more effective

Spending targets to ignore poll tax receipts

By Philip Stephens and Ralph Atkins

THE TREASURY yesterday unveiled plans to exclude a significant proportion of local authority outlays from its cash targets for public spending when the community charge or poll tax replaces domestic rates in 1990.

The proposed changes, outlined in a White Paper, centre on the removal from the Treasury's overall cash planning totals of the 25 per cent or thereabouts of local authority *spending which will be financed directly by tha poll tax.*

At the same time, the Treasury plans to set prospective levels of central government grant for local authorities for three years in advance rather than one year at present.

Treasury officials said the changes would make the cash targets a more effective instrument in controlling central government expenditure. By clearly differentiating between that local authority spending financed from Whitehall and that financed from the poll tax, the new system would also *sharpen the "accountability" of* councils.

The planning totals, which form the centrepiece of the annual round of Whitehall spending negotiations, will in future include: local authority outlays financed directly by grants from the Treasury, the payments made to authorities from the centrally-collected business rates, and capital spending financed by borrowing.

At present all local authority spending is counted, but the Treasury has been unable to limit or accurately to forecast that proportion of council *spending which is financed by* the rates. It has also had great difficulty in controlling the level of central government grant.

Earlier this month, for example, it was forced to concede that local authority spending in the 1989/90 financial year would be at least £1.5bn more than that predicted only three months ago in the Budget.

Treasury officials denied yesterday that the changes would dilute the Treasury's overall control over public spending.

The focus of policy had switched to ensuring that general government expenditure continued to fall as a proportion of national income, they said.

Local authority associations' initial reaction was cautious but generally positive.

Mr John Blundell, finance under-secretary at the Conservative-led Association of District Councils, said the change "went some way towards recognising the position that we have been arguing for some time."

Mr Stephen Lord, finance officer of the Labour-controlled Association of London Authorities, said the Government would continue to control most council spending. "It really is a presentational change and will have little real effect," he said.

A New Public Expenditure Planning Total.

Rolls poised to secure Eurofighter contract

By Michael Donne, Aerospace Correspondent

ENGINES for the eight prototypes of the European Fighter Aircraft (EFA) are expected to be provided by Rolls-Royce, under a contract to be awarded soon by the Eurofighter consortium.

Reports from Munich yesterday suggested that the Rolls-Royce (Turbo-Union) RB-199 engine, which currently powers the Tornado multi-national jet fighter, had been selected for the Eurofighter prototypes in place of a US General Electric F-404 engine.

The engine for production models of the Eurofighter is already committed. It will be the EJ-200, built by a European consortium called Eurojet Turbo, set up by Rolls-Royce and its West German, Italian and Spanish partner engine companies.

But that engine is not expected to be ready in time to power the Eurofighter prototypes. In order not to delay the prototypes programme, the Eurofighter consortium in Munich over a year ago instituted a competition to find an interim engine.

Many aerospace observers regarded this as an unnecessary waste of time.

It was argued that the RB-199, already highly successful in the long-running Tornado programme, should have been the logical choice from the start.

Link and Matrix to merge next year

By David Barchard

LINK and Matrix, the rival electronic cash dispenser networks serving building societies and some smaller banks, are to merge from April next year.

The merger will create a network of more than 2,000 automatic teller machines, roughly the same level as the ATM networks of each of the "big four" clearing banks, with a total of 8m cardholders by next April.

Mr John Hardy, chairman of Link, said the merged network would have 3,000 ATMs by the end of 1990, putting it well ahead of any bank.

Matrix's membership consists of seven building societies while Link includes 18 building societies and four of the smaller UK banks. Two building societies, Nationwide Anglia and Woolwich, already belong to both networks.

Mr Tony Stoughton-Harris, chairman of Matrix, said the merger would enable the two organisations to pool their marketing experience. "It should help us to compete against the banks more effectively," he said.

It will take several months to merge the organisations' respective computer systems.

Tax threat to Barlow Clowes

By Richard Waters in London

THE Inland Revenue is attempting to claim tax from Barlow Clowes Gilt Managers, the UK arm of the collapsed investment group, on the grounds that it operated as an unauthorised unit trust, it emerged yesterday.

The news will come as a severe blow to investors in the UK fund, who had thought up till now that their money was relatively insulated from the worst of the collapse. About £52m ($88m) of the £54m in the UK fund has been traced by liquidators.

An interim payment to investors is likely to be delayed until Barlow Clowes liquidators can either refute the claim or agree a ceiling for it with the Revenue.

On the other hand an early payment to investors in Barlow Clowes International, the Gibraltar-based offshore part of the group, grew more likely yesterday.

Mr Michael Jordan of Cork Gully, one of the joint liquidators, revealed that he is in preliminary discussions with three institutions who have said they are prepared to finance a payment to BCI investors, without waiting for claims to be settles. The three, believed to be unit trusts, "want to show that they are concerned with the small investor", said Mr Jordan.

In a separate development yesterday Mr Francis Maude, corporate and consumer affairs minister, refused to extend hope of government compensation to investors. Any payment would have to await the outcome of an internal enquiry into the his department's handling of the affair, he said.

The revelations about interim payments from the two funds came yesterday evening at a packed meeting of MPs at Westminster. It had been called to consider statements from an intermediary who claimed to have warned the Department of Trade and Industry four years ago about the dangers from Barlow Clowes, and from representatives of investors.

Murdoch predicts huge TV expansion

By Raymond Snoddy

MR RUPERT MURDOCH, chief executive of News International, yesterday forecast a dramatic expansion in the number of people in Britain who would soon be receiving new channels of television from cable and satellite.

Mr Murdoch, who plans to launch four channels of television on the Astra satellite next February, said in London yesterday: "We believe that within four years there will be at least 6m homes in Britain either on cable or with a satellite dish. "This compares with a present total of around 250,000 homes.

Mr Murdoch who was speaking at a breakfast forum on broadcasting in the 1990s organised by The Sunday Times, one of his national newspapers, said that Sky Television would lose £100m-£150m before it would break even.

Sky Television would be spending between £25m-£30m on its news channel and a total of about £100m a year on its programmes across the four planned channels.

The figures for planned programme expenditure and budgeted losses implies that Mr Murdoch is counting on a rapid build up of both audience and advertising expenditure on the four channels.

Mr Murdoch argued yesterday that for too long broadcasting in Britain had been the preserve of the "old establishment" and was deeply elitist in its approach to programming.

"I think that the market is finally asserting itself," he said. The public wanted more choice in its news and entertainment, while advertisers wanted more choice on where to spend their money to promote goods.

The explosion of choice in broadcasting would result in *more good – and bad –* programmes being made.

Earlier, Sir William Rees-Mogg, chairman of the new Broadcasting Standards Council, gave his detailed objectives for the new council and said he would begin taking evidence in the autumn to try to establish a code of conduct for broadcasters on the portrayal of sex and violence.

Sir William said his aim was to create a code which would work for broadcasters and also satisfy the public interest.

"I hope that by the spring or early summer of next year we shall be able to present a code which will be a summing up of the best practice that exists at the present time in the industry," Sir William said.

Rupert Murdoch: "6m homes linked to satellite and cable"

The council would then continue to monitor the situation to try to ensure that competition would not destroy standards in British broadcasting.

As a monopoly system changed to a competitive system a new framework of rules was required to replace detailed regulation within which broadcasters could respond to the market competition.

"It is absolutely clear that everyone in broadcasting is going to be involved in a multiple competitive system and that the old monopoly system is over," Sir William said.

Mr Richard Dun, managing director of Thames Television, said that if the Government wanted to keep independent television as a public service broadcaster there was no merit in auctioning franchises.

These should, instead, be tendered for region-by-region on the basis of programme-making ability and with a price attached.

"If Parliament wants high standards to continue in broadcasting both in terms of consumer protection and consumer satisfaction it should listen to our view that ITV can and should remain a public service broadcaster rather than an outright commercial channel," said Mr Dunn.

Mr Michael Grade, chief executive of Channel 4 argued that the ITV companies should continue to sell Channel 4's airtime and fund the channel by its present system of annual subscription.

With a planned Channel 5 providing competition for advertising airtime, ITV and Channel 4 should continue to be two complementary channels fighting for audiences on an equal basis.

UK behind France in machines market

By Nick Garnett

THE UK appears to be slipping behind France in the volume of new production machinery and handling equipment being installed in its factories.

A report by Frost and Sullivan, the US-based market research company, says the value of sales in France last year for automated loading and handling equipment was almost double that in the UK.

Latest figures for the purchase of machine tools used in factories also show that in 1987 France bought far more machine tools than Britain, measured in sterling value of sales.

West Germany is by far Europe's largest purchaser of factory equipment. Its market varies between three and four times that of the UK, depending on the type of machinery.

Britain, France and Italy have tended in the past few years to vie with each other in the volume of new production equipment they are installing, according to independent statistics.

The Frost and Sullivan report estimates the French market last year for advanced loading and handling equipment - which includes robots and automated guided vehicles - at $60.7m (FFr349m). This compares with a UK figure of $34.3m (£19.6m).

The UK figure is little more than a fifth that of West Germany which is estimated at $162.3m (DM274.3m). The report blames the small size of demand in the UK on "managerial reluctance." Spending in Britain on this kind of equipment is actually below that of Sweden, a much smaller manufacturing nation than the UK but with more modern factories and a larger number of big indiginous equipment suppliers.

Statistics on machine tool sales are supplied by the separate national committees which make np Cecimo, the European committee representing the 12 largest European machine tool manufacturing countries.

French industry spent £745m on machine tools last year compared with £669m in the UK, according to the Machine Tool Trades Association which made the currency conversions. Expenditure in France in 1986 was considerably below that of the UK.

The figures for machine tools and automated handling equipment have to be treated with some caution. Machine tool sales are based on "apparent consumption" - domestic production, minus exports, plus imports. Importation of machines and the re-exportation of those machines cannot be distilled from the figures.

Currency movements also cause some distortion. Fluctuations in exchange rates account partly for a large jump last year in machine tool consumption, measured in sterling in West Germany from £2.2bn to £2.9bn.

The handling market is also very fragmented and it must be difficult to get a fully accurate picture of consumption of this type of equipment.

Machine tool companies also say that the UK market for machine tools this year has picked up noticeably while the Frost and Sullivan report expects the UK market for automated handling equipment will double in the next four years.

Automated component loading and handling equipment market in Europe. Frost and Sullivan, Sullivan House, 4 Grosvenor Gardens, London SW1W ODH. Price $2,900.

Ciba-Geigy to raise British investment

By Peter Marsh

CIBA-GEIGY, the Swiss chemicals company, plans to invest £60m on its UK plants this year, 20 per cent more than in 1987.

Mr John Fraser, chief executive of the company's UK subsidiary, said yesterday that the figure reflected the Swiss group's confidence in the UK economy and strong demand for chemicals in Britain.

The company's investment plans will benefit several Ciba-Geigy sites around Britain, where the company employs 7,100 people. The sites include Paisley in Scotland, Duxford near Cambridge and Horsham in Sussex. Spending will be on updating process-control technology.

Mr Fraser said 12-15 per cent of capital spending was accounted for by environmental-protection equipment.

Mr Fraser said turnover of the UK company in the first six months of 1988 grew by 8 per cent to £378m. He expected total sales for the year to be about £740m, with pretax profit around £20m. The figures for 1987 were £683m and £14m.

The company, which specialises in pharmaceuticals, crop-protection products and other high-value chemicals, also plans to move its UK head office north from London to Macclesfield in north west England, where the group has a large office and plant.

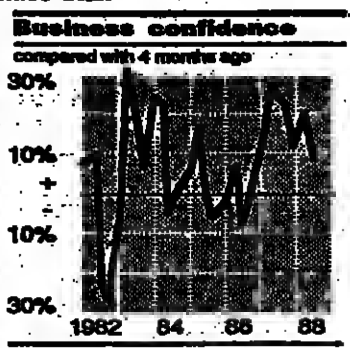
Chemicals industry moves up market, Page 16

UK NEWS

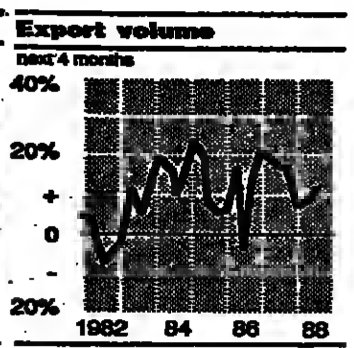
Growth rate 'moderating to more sustainable level'

By Simon Holberton, Economics Staff

Business confidence
compared with 4 months ago



Export volume
next 4 months



THE continued strength of the UK economy was yesterday underlined by the Confederation of British Industry's latest quarterly survey of manufacturing which points to the maintenance of buoyant output and demand.

The survey by industry's representative body indicates marginally weaker expectations for output and new orders compared with three months ago, but the underlying trend is still strong.

The CBI, anxious to dispel fears that the economy might be overheating, claimed that the survey provided evidence that rate of growth of output and demand was moderating to more sustainable levels.

The quarterly Industrial Trends Survey, which was conducted in late June and early July, indicates growing capacity constraints and skilled labour shortages. It also points to a welcome rise in manufacturing employmant, investment, and an improvement in export orders.

There is little sign, however, that constraints or shortages are feeding into higher factory gate prices, and hence higher inflation. There appears to have been neither a deterioration in the inflation expectations of industry, nor an improvement.

The CBI also noted that the prospects for manufacturing investment were strong. But it warned that industry's investment plans could be affected adversely by the current high level of interest rates and exchange rates.

Mr David Wigglesworth, chairman of the CBI's economic situation committee, said: "If high interest rates and currency instability are prolonged it could damage [business] confidence and lead to a slowdown in investment plans, and that would not be very good for the country."

The CBI expects manufacturing investment to be nearly 12.8 per cent higher by the fourth quarter of this year compared with the same period in 1987. Over the year as a whole it expects investment to be nearly 10 per cent higher

The buoyancy of output and demand, however, account for only part of the explanation for higher investment. As the CBI's survey shows, British industry's capital utilisation is at its highest level since the CBI began keeping records in 1958, with just 31 per cent of industry working below capacity.

The CBI pointed out that 82 per cent of its respondents said that existing capacity was adequate to meet demand. In January, however, 93 per cent of respondents felt this.

The survey indicates thet manufacturers' unit costs are rising. The CBI locates much of the pressure on costs as coming from the higher prices manufacturers have been forced to pay for fuels and materials.

Thatcher keeps Tories on their toes

Peter Riddell assesses the latest Government reshuffle

Mrs Margaret Thatcher, Prime Minister, misses few political tricks. Her surprise reshuffle looks well-timed and well-executed, ending speculation and creating a strong political team to implement the proposals in the health review this autumn.

The changes generally went down well at Westminster among Tory MPs – apart from the increasingly strident and bitter protests of Mr Edward Heath, the former Tory Prime Minister. After his criticism last Friday about the replacement of Lord Cockfield as a European Commissioner, Mr Heath yesterday argued that the Government now had no one capable of running a large department – all had either been sacked or were not there.

The limited changes leave open until next summer the central questions about the shape of the Cabinet in the run-up to the next general election, and hence who will be in place as potential runners for the Tory leadership – a post which will not be vacant until the mid-1990s, according to Dr David Owen's reflections yesterday.

In particular, Mrs Thatcher's decision to announce the changes on Monday forced the hand of Mr Nigel Lawson, her Chancellor of the Exchequer. He had been saying he would decide about his future during the summer holidays. But this option has been removed and Mr Lawson has had to agree to be in place for at least another year.

So he has been given public backing by Mrs Thatcher and made to continue an uneasy relationship with her.

Apart from the long-expected splitting of the Department of Health and Social Security, the changes are another familiar instalment of Mrs Thatcher's annual reshaping of her team. Old-timers without promotion prospects disappear and promising strivers are rewarded, with the basic political balance unchanged.

The yardsticks for promotion are a combination of seniority, a reputation for hard work and an ability to handle a case.

As with the 1981 and 1985 reshuffles, the key changes are likely to come in the middle of the parliament – in a year or so's time. It is then that both Mr Lawson and Sir Geoffrey Howe are expected to be moved, although Mr Lawson would presumably be unshiftable if he changed his present intention and said he wanted to stay at the Treasury for the rest of this parliament.

With the electricity privatisation bill completed by mid-1989 there might then be scope to merge the departments of energy, and trade and industry.

Apart from Mr Lawson and Sir Geoffrey Howe, the key players then are likely to be Mr Douglas Hurd, the Home Secretary, Mr John Major, the Chief Secretary to the Treasury, Mr Cecil Parkinson, the Energy Secretary and Mr John Macgregor, the Minister of Agriculture.

Next year will also be when Mrs Thatcher no doubt plans to bring into her Cabinet the younger ministers now mainly in their 40s, or early 50s, who will be central figures in the party for the rest of the century.

Monday's exercise was an interim adjustment, the 10th since 1979, which keeps her ministers and back benchers on their toes. Mrs Thatcher's approach only partially supports the familiar adage about prime ministers having to be good hutchers, She prefers salami tactics.

Kinnock concedes defeat over Brussels post

By Michael Cassell, Political Correspondent

MR NEIL KINNOCK, the Labour leader, was last night forced to acknowledge that he had lost his fight with Mrs Thatcher, the Prime Minister, to have Mr Stanley Clinton Davies reappointed as Britain's second European Commissioner.

In a rare private meeting at Westminster with the Prime Minister, Mr Kinnock is understood to have protested at Mrs Thatcher's decision not to extend a second term to Mr Davies, Labour's nominee for the post.

Mr Kinnock is also thought to have complained that Mrs Thatcher had made known her decision not to reappoint Mr Clinton Davies last week, before the usual consultation took place with the Leader of the Opposition.

The meeting, shrouded in secrecy, was said to be short and businesslike. Mr Kinnock, having expressed annoyance et Mrs Thatcher's approach to filling the Commissioner's post, agreed to suhmit to Downing Street a list of possible appointees.

Mr Clinton Davies, responsible for European transport policy, was told last week by the Prime Minister that his term would not be renewed when it expires at the end of this year.

Mrs Thatcher is under no obligation to choose a name put forward by Labour. The official explanation for Mrs Thatcher's refusal to reappoint either Mr Clinton Davis or Lord Cockfield, who is to be replaced as senior Commissioner in Brussels by Mr Leon Brittan, former Home Secretary, is that she believes no-one should serve more than four years.

Labour last night pointed out, however, that Mrs Thatcher had decided to reappoint Mr Christopher Tugendhat, now chairman of the Civil Aviation Authority, for a second term.

Mrs Thatcher's handling of the Commissioner eppointments was also attacked earlier in the day in the Commons, where she was accused of nominating Mr Brittan, who resigned in the wake of the Westland affair, as a "pay-off" for his silence at the time.

Switch in funding for arts urged

By Richard Donkin

NEW POLICIES for the arts including greater central Government involvment, tourism initiatives, and more local and regional strategies are needed if Britain is to maximise their economic potential, according to a report out yesterday.

The three-year study by the Policy Studies Institute, Britain's largest independent research body, says the Government should be making a closer assessment of the arts at a time when it is closely scrutinising its level of arts support.

Although the Arts Council received a Government grant of £150m for 1988-89, up from £138.4m last year, a substantial slice of the increase was earmarked for such initiatives as the Incentive Fund, that rewards arts companies boosting income through their own efforts. The rise in the basic grant was 4 per cent.

More money, however, was switched to the regions for 1988-89, in what could prove to be an important move according to yesterday's report which highlights the benefit of arts expansion outside London.

Mr John Myerscough, author of the report, titled The Economic Importance of the Arts in Britain, said the arts were crucial to inner city regeneration, acting as "social nodes" drawing people to city centres.

The revival of Glasgow's Merchant City, Liverpool's Albert Dock, the Merseyside Tate Gallery and projects at Ipswich were all examples of the arts acting as a catalyst for urban renewal.

His report described the arts as providing an essential community benefit in terms of a "strong cultural infrastructure" that boosted the confidence of the business community.

Of the three regions, Glasgow was the most successful in attracting business sponsorship which reached £540,000.

The report pointed to arts employment as an important contribution to regional growth, as it was a cost effective means of increasing employment.

The report described the arts as an expanding sector of the economy. Employment expenditure in the arts had increased by 23 per cent since 1981 and the sector now gave direct employment to 496,000 people.

The study, described as the most comprehensive undertaken on the economic contribution of the arts in Britain has highlighted an industry with a £10bn a year turnover – which puts it on a par with vehicles and energy – and accounting for 2.5 per cent of all spending on goods and services.

The £200,000 survey was carried out on behalf of the Calouste Gulbenkian Foundation, the Office of Arts and Libraries and a number of other regional and private sponsors.

It found that arts events, attracting 122m people a year, were an important stimulus to tourism.

Tourism income alone with an arts ingredient was worth £3.1bn, 25 per cent of the £12.5bn total earnings from tourism.

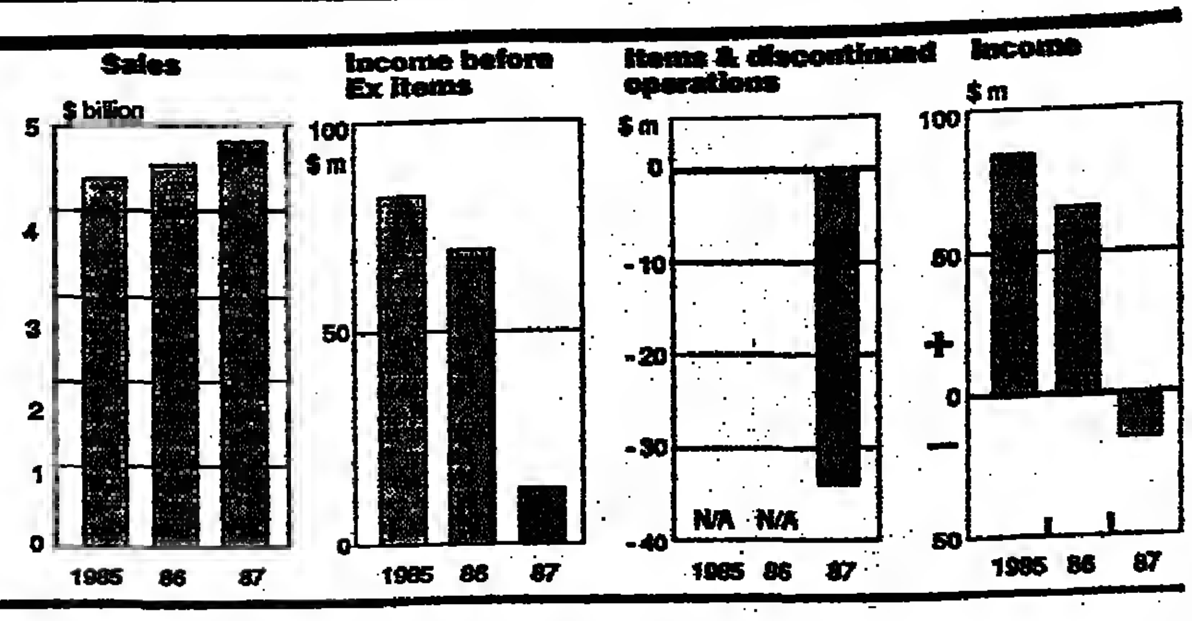
Cees Bruynes

Segment data 1987

Year end Dec.

$ billion	Sales	Operating income
Consumer electronics	1,490,500	27,700
Electrical consumer products	913,700	(−5,900)
Additional consumer products	138,400	16,900
Electrical & electronic components	1,035,100	146,800
Professional equipment	1,269,200	57,100

Source: company Annual Report, filed with SEC



Still pitching for the US big league

Roderick Oram continues an analysis of Philips strategy by examining its American subsidiary

As the German armies closed in on the Netherlands in 1940, a small group of executives at Philips, the Dutch electrical manufacturer, fled to New York to plant the company's flag in the New World.

The "Philips settlers", as the pioneers are still known in the palatial Manhattan headquarters they established, found it hard to build a North American beach-head. Even well into the 1960s it was still largely importing its parent's products.

They "started 50 years too late," concedes Cees Bruynes, current chairman of North American Philips Corp (NAPC). Often, the settlers pitted themselves against entrenched US companies which traced their roots back to Thomas Edison.

Bruynes, who is Dutch like his predecessors and only the third man to hold the chairman's title, has to complete the difficult task they began. The US is the world's biggest battleground in the four businesses – consumer electronics, lighting, information technology and electronic components – which the Dutch group has targeted as core global activities. Philips will prosper or fail on its US performance.

Over the past few years, though, NAPC's results deteriorated sharply (see table). Bruynes says, though, that NAPC has made considerable progress turning round two of its biggest sectors, consumer electronics and lighting. The pay-off has begun with a "rather substantially better" performance in the first half of this year.

But industry analysts believe it has a way to go yet in developing more innovative products and marketing them better. Moreover, some tactics Philips uses in Europe are useless in the US. In consumer electronics, for example, it has played up its European domicile to win protection there from imports. The US, though, is open to allcomers thanks to the virtual annihilation of American-owned producers.

Almost all colour televisions sold in the US come from US or Mexican plants owned by foreigners. Even the South Koreans have a plant in Alabama. Zenith, the sole US survivor, is on the brink of bowing out. Thus Philips has to compete solely on the quality and price of its North American output.

Moreover, no video cassette recorders or audio equipment of consequence are made in the US so Philips competes against other importers with some products from its expensive European plants. It is trying to remedy that by, for example, starting compact disc player production in Mexico.

Takeovers are another old tactic which carry new dangers. The settlers and their successors had bought their way into mature and relatively easy-to-manage lighting and consumer electronic businesses. Bruynes will have to use the strategic tool on a fundamentally different sort of business – information technology – to make NAPC a force. Its position now rests slenderly on such minor products as dictation machines.

Selecting, wooing and paying for its entrée into this fast-paced, highly entrepreneurial business are only the first hurdles. Running the acquired computer company well is even harder, as giants such as IBM, with its takeover of the Rolm telecommunications group in 1984, have found to their cost. Hope for a better performance from NAPC comes, though, from its successful handling of Signetics, the California semiconductor maker it bought in 1975.

Signetics, which returned to the black in the second half of last year thanks to strong orders from elsewhere in Philips and the general rebound in chips, carries a big caveat, though. It is not renowned as an innovator or marketeer in an industry which moves at a frantic boom and bust pace.

This characteristic could weigh against NAPC's efforts to buy into information technology and to make the most of its large stable of successful components companies. Including Signetics, these companies generated $146.8m of operating income last year on revenues of $1.04bn.

On the positive side, Philips' new global strategy is already having far-ranging effects on NAPC, helping spur, for example, a long overdue rationalisation of its television manufacture. Its old policy had been to let Magnavox, acquired in 1974, and Sylvania, bought in 1981, to plough their own furrows, in effect leaving them to fight against each other to the extent that their products overlapped. A third brand, Philco, made the picture even fuzzier.

Don Johnstone, NAPC's head of consumer electronics, however, has consolidated production from some dozen plants into two – one in Greenville, Tennessee, and other in Juarez, Mexico – plus two cabinet facilities. More important, much closer co-ordination with the Netherlands is bringing greater commonality of design and parts to Philips – which is the world's largest colour television maker.

Rationalisation and heavy investment, which Bruynes says is complete, has given the company some of the best television manufacturing facilities in North America in terms of quality and costs, competitors say.

None the less, some of its retailers are not altogether happy with the designs and marketing. "They have many 'me-too' products," says Elly Valas, who owns a chain of appliance stores in the Denver area. "They do much better with their models in Europe."

Too often talent has gone to waste. It was Philips, for example, which invented the programmable remote control for TVs but let "other people run with the idea," says Valas.

Its new marketing strategy has also attracted criticism. NAPC is introducing the Philips name, previously unknown on consumer electronics goods in the US, on up-market televisions and videos. To make room, it is pushing Magnavox a little down-market. Repositioning the brands will take a lot of costly advertising.

Other manufacturers, notably Japanese, are taking a similar approach of introducing new brand-names to the top segment of the market. "It is looking awfully crowded with everyone seeking salvation there," says Bob Gerson, editorial director of This Week in Consumer Electronics. "How thinly can you slice 15 per cent?"

NAPC's share of the US television and video market has changed little in the past five years from about 10 per cent and 6 per cent respectively, according to figures from Television Digest. It still ranks third after RCA, which is now owned by Thomson of France, and Zenith.

Bruynes has great ambitions in consumer electronics which last year earned NAPC $27.7m operating income on sales of $1.49bn, of which roughly half was televisions. "Ultimately, we would like to be one or a strong number two," he says.

Chief executive of the company since 1978, Bruynes has overseen a similar though speedier development of its lighting business. Despite Philips' global leadership, NAPC had only a modest stake in the US until it bought the lighting operations of Westinghouse Electric for $200m in 1983.

Westinghouse's products had a reputation for indifferent quality. NAPC has improved it markedly by consolidating production in fewer factories and investing heavily. "We are 80 per cent towards having the lowest cost lamp manufacture in this part of the world," Bruynes says.

The trouble is, General Electric, by far the market leader, and GTE, the US electronics manufacturer which battles with NAPC over which is number two, have also re-equipped heavily. Demand in the domestic consumer lamp market has been essentially flat since 1984, leaving the three no option but to claw market share from each other and imports.

Competitors say NAPC has slashed prices to buy volume in the consumer market, although Bruynes says the business is "well profitable." They also say they are surprised it has not yet made more effective use in the US of its leadership in lighting technology evident in Europe.

A senior NAPC lighting executive disputes the assertion, pointing out, for example, that the company is leading the way with long-life lamps. So far this year the total consumer market has grown by 2 per cent, NAPC's volume has risen 15 per cent while its long-life lamps alone have jumped 84 per cent.

As in television, brand names are a problem. NAPC moved quickly away from the Westinghouse name because of associations with poor quality, Westinghouse's high profile in other businesses and a desire to spread its own name. As an intermediate step it used the awkward name "Westinghouse by Philips" but in late 1986 it moved to Philips alone.

Another big area of NAPC is its diverse portfolio of niche high technology products such as medical and cable television equipment, military electronics and instruments which earned $57.1m on sales of $1.27bn last year. While some cross-fertilisation is possible between these, components and information technology, they are unlikely to become big businesses in their own right.

In contrast to this high-tech collection is a bundle of prosaic small consumer appliances such as shavers, coffee makers and garage door openers which ran up a loss of $5.9m on sales of $913m. Turning these into respectable earners is yet another problem for Bruynes.

Overall, he readily acknowledges that NAPC's greatest task, as for Philips as a group, is to improve profitability. "It can't be done overnight," he says. To complete the process begun by his predecessors of buying or building the blocks still needs "deep pockets and a lot of perseverance."

Whereas the settlers felt they had time on their side, today "the world does not give us as much as we often need."

A final article on Philips corporate culture will be published on Friday's Management Page.

Radical change in culture

TO ADD to the complexities of getting itself back on track, North American Philips Corp (NAPC) has undergone a radical change in corporate culture in the past year by being bound more tightly to Philips.

It was set up during the war under a US trust to ensure its independence should its Dutch parent fall to the Germans. Even though Philips gained effective control of it in 1969, NAPC continued to act like a largely autonomous organisation. In the early 1980s, for example, it refused to market in the US Philips' own standard of video cassette recorders, opting instead to import VHS formula machines from Matsushita in Japan.

"We made the best decisions for the parochial interests of our stockholders," says Cees Bruynes, chairman of NAPC. "They were not always parallel with those of Philips worldwide."

Finally, last August Philips launched a takeover offer for the 42 per cent of the US subsidiary's shares it did not own. The move was part of a wider effort by the Dutch to tighten control and sharpen the focus of its global businesses. The buy-out cost $680m.

The biggest change has been the setting up in the Netherlands of product groups to co-ordinate worldwide development, manufacture and marketing. Bruynes says he is satisfied with the degree of representation NAPC has. Don Johnstone, for example, widely credited with rehabilitating its US consumer electronics business, sits on the sector's global management committee.

NAPC contributes two members – but not Bruynes – to the parent's supervisory board. It has nobody on the management board. If senior US executives have lost any autonomy, they are now gaining by playing "on a global basis with broader horizons," Bruynes says. It sounds as though the revamp has created some friction. "Any change involving people does not work automatically," he admits.

As a result of the changes, due to be completed by the end of the year, NAPC is sharply cutting its 800-strong corporate staff at its imposing Manhattan headquarters.

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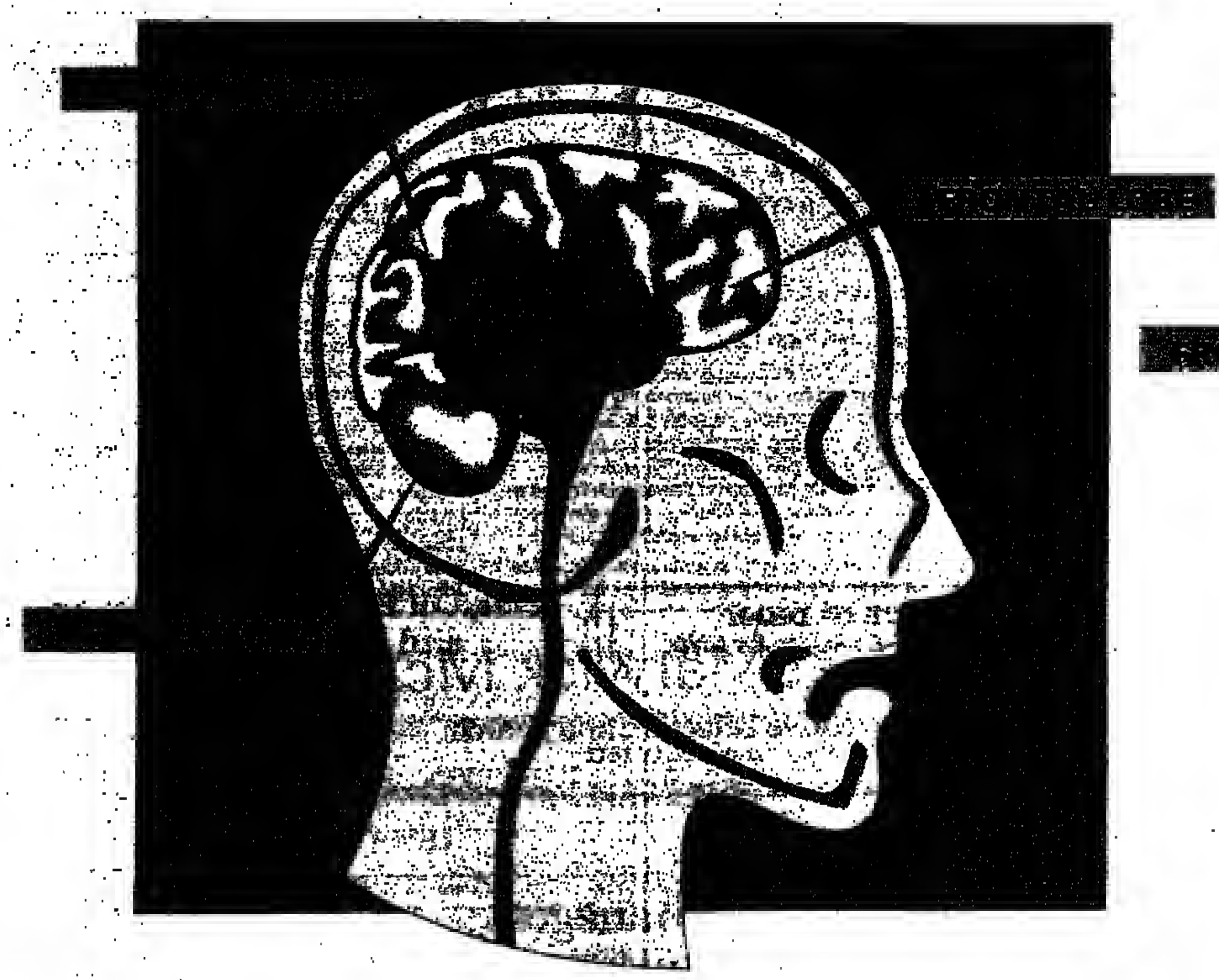
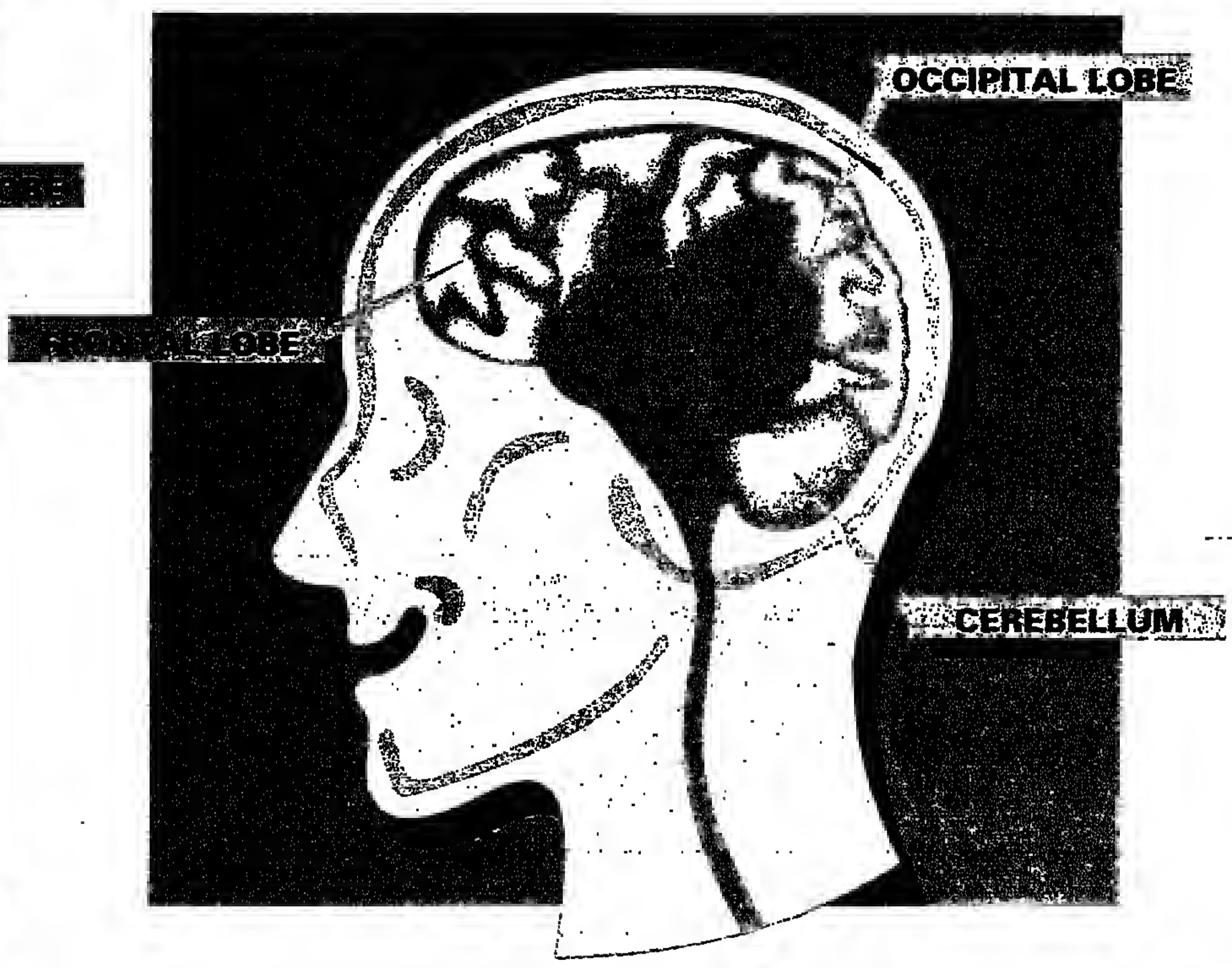


The conventional PC brain.



The Macintosh brain.

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The 24% above wasn't plucked out of thin air, incidentally. It's based on an in-depth study by the accountants KPMG Peat Marwick.

Participating companies reported a gain equal to an extra week per month in increased productivity from employees using Macintosh. It was also noted that managers with access to IBM® or other MS-DOS™ computers had reluctantly used them in the previous five years, with unimpressive consequences. Let loose on Macintosh all changed. Productivity and creativity increased by leaps and bounds. And because they actually began to enjoy their work, they used more software. As a consequence they were able to extend themselves to their full potential.

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JOBS

Size and shape of the market for executives

By Michael Dixon

HOW MANY executive-rank jobs are offered in a year? That question is regularly tossed at this column, and not only by business-school students researching the managerial employment market for their degree dissertation.

The trouble is that, far from knowing the number myself, I have been unable even to think of someone who would know. While not proud to be ignorant of the answer, I have scarcely lost sleep over it. For the topic would seem to be of somewhat academic concern to most of this column's readers. After all, being busy people, you are unlikely to be interested in any jobs other than the one you have and a few more you might like and be able to get.

Even so, the question of the overall size of the market is important. And, thanks to help from friends, I can at last give a sketchy estimate at least for executive posts in the United Kingdom. But I would stress beforehand that most such openings are pretty certainly filled by internal promotion. The estimate refers only to the probable minority which are offered to outsiders.

The main aid has come from the market-watchers of the MSL International recruitment consultancy. Although since 1959 they have kept a three-monthly check on higher-rank jobs advertised in UK national journals (the latest result will be discussed a bit later), their tally omits ads in other organs. They have therefore kindly had a wider look to divine how many executive posts – those openly or implicitly having a salary of £16,000 or more – are advertised elsewhere.

Their scan was confined to industrial and commercial openings, leaving out any for government staff, educators, professional insiders and the like. They conclude that in buoyant times, such as the present, the full annual count is roughly as follows:

National journals	40,000
Other general press	30,000
Top specialist press	30,000
Others	20,000
Total	120,000

Besides the jobs which are advertised, many are filled by the executive search method of covertly identifying a few folk apparently well suited, then contacting them directly. That makes it especially hard to divine how many posts search consultants fill. But for a maze of reasons (given in the FT's special report on recruitment and personnel services on June 29) *the UK tally looks unlikely* to be more than about 15,000.

If so, search consultancies' volume share of the executive market would seem less than the share held by selection consultants who make first contact with candidates by advertising. For the market-watchers' scan suggests that, of the 120,000 or so higher posts offered through the press in a good year, some 20,000 are handled by ad-based selection consultancies.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS
(12 months to June 30)

Type of work	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %	1985-86 Posts advertised	1985-86 Change from 84-85 %	1984-85 Posts advertised	1984-85 Change from 83-84 %	1983-84 Posts advertised	1983-84 Change from 82-83 %
R & D	3,768	+20.0	3,139	−38.2	5,082	−30.7	7,334	+ 0.3	7,315	+13.7
Marketing	6,402	+ 3.8	6,165	− 0.2	6,177	− 6.8	6,631	− 2.6	6,811	+ 8.3
Production	7,216	+46.9	4,913	−12.9	5,639	−22.0	7,230	+10.7	6,533	+29.7
Accounting	7,942	+14.2	6,954	+ 9.3	6,364	− 3.0	6,561	+14.1	5,750	+15.3
Computing	4,270	+21.3	3,519	−10.0	3,909	− 6.4	4,178	+15.0	3,632	+40.0
General mgt.	1,744	+22.2	1,427	+12.6	1,267	− 1.4	1,285	− 2.9	1,324	+ 5.6
Personnel	1,064	+ 2.1	1,042	+17.5	887	−15.2	1,046	+ 7.0	978	+18.4
Others	6,932	+13.3	6,118	+ 6.3	5,754	−10.4	6,424	+29.2	4,974	+50.4
Total	39,338	+18.2	33,277	− 5.1	35,079	−13.8	40,689	+ 9.0	37,317	+21.4
July-Sept	8,274	+ 8.0	7,664	−19.4	9,507	− 2.6	9,760	+20.7	8,066	+18.5
Oct.-Dec.	9,248	+17.8	7,850	− 8.7	8,596	− 3.3	8,893	+ 3.9	8,560	+32.3
Jan-March	11,223	+22.4	9,165	+ 4.1	8,804	−24.3	11,624	+ 9.3	10,637	+18.9
April-June	10,593	+23.2	8,587	+ 5.2	8,172	−21.5	10,412	+ 3.8	10,034	+20.3

Encouraging

NOW to the table above *which shows the UK executive* market's movements since mid-1983, as reflected by MSL three-monthly counts.

Although the checks cover only the third of the advertised demand which is carried by national journals, there is no reason to think the findings are significantly out of line with movements in the market as a whole. The only area where discrepancy seems likely is personnel work, in which the professional press retains the lion's share of *advertisements for staff.*

The top part of the table deals with eight categories of *managerial* and key specialist work, giving the counts for the five most recent 12-monthly periods ended on June 30. (The "Others" category includes purchasing, company legal work, consultancy activities and the like.) The four lines *below* the 12-month totals show the tallies for each quarter.

As can be seen, April-June saw the demand for executives continuing the rising trend which started with January 1987. Oddly enough, the results for April and May suggested that the growth was faltering. But despite the depression June imposed on the UK in terms of weather, it brought a high pressure of executive demand. The three-monthly count was consequently the highest for a second quarter since the MSL consultancy began checking 28¾ years ago.

Moreover, despite hearsay reports of spreading feelings of demoralisation in the City of London, the industrial sector remained in the buoyant mood it began to show in January-March. The main sign of that is the past 12 months' near 50 per cent increase over 1986-87 in jobs for production executives, for whom April-June produced the biggest demand in any quarter of any year since 1985.

Similar evidence is provided by MSL's checks on demand by particular areas of business. In the latest 12 months, the high-technology industry advertised 3,149 posts, nearly 12 per cent up on its 1986-87 tally albeit 2.5 per cent fewer than in 1985-86. The energy related industry's most recent 12-monthly figure was 1,938 – 73.5 per cent more than the wretched 1,117 of 1986-87 even though still less than two-thirds of the count for the 12 months before that.

Sorry

APOLOGIES for omission of key points from last week's note on a £50,000 job in London for a European-equities research chief. The post needs analytical skill in Continental insurance and banking fields, and ability to lead a team and to communicate well in English and at least one other tongue, preferably French.

The address of Christopher Beale – the recruiter offering the post – is: 63 Grosvenor St., London W1X 9DA; tel 01-499 6901, fax 01-408 1580.

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Canadian based MBA Finance (Hons) seeks challenging position with high technology manufacturer or consultant. BSEE (1979) industrial, electronic - IT background. Most recent experience in corporate lending. Creative, strategic thinker, demonstrated success in team leadership.
Write Box A0941, Financial Times, 10 Cannon Street, London EC4P 4BY

British customs official seeks interesting and rewarding position in any field in any country. Business orientated, investigation and management experience. Anything considered.
Write Box A0957, Financial Times, 10 Cannon Street, London EC4P 4BY

MONEY MARKET FX TRADER
Experienced dealer, over 7 years abroad seeks challenging and rewarding career position UK or abroad.
Box No A0958, Financial Times, 10 Cannon Street, London EC4P 4BY

Head of Global Custody Operations

£40,000 – £45,000 + Car + Bank Benefits

Our client, a well established domestic bank based in the City of London, is increasing its presence in the Global Custody operations market.

In order to resource the Global Custody Group for the next phase of expansion, our client is seeking a senior executive with at least 10 years experience in the global custody market to lead the group.

It is essential that the candidates have specific technical knowledge, together with strong leadership and marketing skills, which can be demonstrated by previous track record.

This is a unique opportunity to develop and expand an established business.

Remuneration will include an attractive salary and bonus potential, together with an executive car and a range of banking benefits, including cheap mortgage, pension and life cover etc.

Please send your detailed c.v. to: B. J. Wood, C. P. Wakefield Limited, Wakefield House, 152 Fleet Street, London EC4A 2DH.

WAKEFIELDS

All applications will be treated in strict confidence. Please list separately any organisation to whom you do not wish your application to be forwarded.

Investment Management Assistants

Martin Currie are recruiting a small number of investment management assistants to join their team.

Candidates, under 27 years of age, should have good intellects and must be articulate, literate and numerate.

Qualifications in accountancy, in law or a university degree in pure mathematics would be suitable backgrounds for applicants who may or may not have any previous experience.

Applications should be made in writing to

MARTIN CURRIE

David Skinner,
Managing Director,
Martin Currie Limited,
29 Charlotte Square,
Edinburgh, EH2 4HA

INTERNATIONAL INSTITUTE OF TROPICAL AGRICULTURE

ELECTRONICS SERVICES OFFICER

The International Institute of Tropical Agriculture (IITA) at Ibadan, Nigeria, invites applications from highly experienced candidates for the position of **Electronics Services Officer.**

IITA is an international agricultural research and training center, one of a consortium of 13 such centers world-wide which has organized by the World Bank, Food and Agriculture Organization and the United Nations Development Program. With headquarters on a 1,000 hectare campus and experimental farm, IITA has outreach programs in many sub-Saharan African countries and employs some 200 internationally recruited staff from 45 countries.

The **Electronics Services Officer** shall be responsible for maintaining a wide range of modern scientific instruments which includes atomic absorption spectrophotometers, high/low-speed ultracentrifuges, electron microscopes, deionizers and incubators. He or she shall also maintain a wide range of modern laboratory equipment and apparatus, interpretation and sound systems, photocopiers, projection equipment, video and television sets. He or she should also possess the aptitude for handling electrical and mechanical functions of scientific apparatus.

Evidence of long and extensive experience in the above areas, together with some previous work experience in a developing country, are the most important qualifications for this assignment. *Formal educational qualifications will also be important considerations in the selection process.*

Remuneration will be determined on the basis of qualifications and experience. IITA offers a liberal package of benefits including alternative pension schemes, group life and health insurance, annual home leave travel, children's educational grants and travel, among others. Accommodation is provided in a beautiful campus environment with recreational facilities.

Applications should include curriculum vitae, the names and addresses of three referees (including telephone and telex numbers, if available) and other pertinent information. Applications should be sent to either of the following addresses:

Manager, Human Resources (IITA) **c/o Lambourn and Co. Ltd** **26 Dingwall Road** **Croydon CR9 3EE** **UNITED KINGDOM**	**OR**	**Manager, Human Resources** **IITA** **Oyo Road, PMB 5320** **Ibadan** **NIGERIA**

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RECRUITMENT CONSULTANTS £ HIGH PACKAGE

As part of Blue Arrow PLC, the IPS Group is committed to a plan of continued expansion. We would be interested to hear from experienced consultants who feel that they can offer valuable experience in either the Banking or Securities sectors.

For a confidential discussion please call SHARON BROWN, LLB, MECI DIRECTOR

Telephone: 01-920 9512
TREVOR JAMES CITY
62-64 Moorgate, London EC2R 6EL
RECRUITMENT CONSULTANTS

CA FINANCIAL OPPORTUNITIES

QUANTITATIVE ANALYSTS

International House seeks analysts with Ph.D Mathematics or related subject, *preferably working in quality house. They will consider people in Academia.* Excellent package. Quote REF CF/382.

MARKET MAKER

Good experience in German Domestics with quality house. Please call Richard Ward.

JAPANESE EQUITY SALES/MANAGER

Reputable house seeks to recruit a Japanese Equity Sales Manager with 3 years plus experience. Fluency in one of the European languages would be advantageous. Ring Sue Stevens for further details.

EQUITY SALES MANAGER

Candidate must have 4 years plus experience of selling UK Equities into Europe. A European language would be an advantage. Ring Sue Stevens for further details.

SALES

Due to expansion a well established Securities House are seeking experienced (minimum 3 years) international Capital markets salespeople with established institutional clientele. Ring Sue Stevens for details.

SALES MANAGER

At least 5-6 years direct Fixed Income sales experience. The ability to "man-manage" and co-ordinate activities worldwide. Ring Sue Stevens for further details.

SALES - UK TREASURYS

Must have excellent experience with Central banks. Please quote ref DF/493.

SALES

Very good experience of sales of German Domestics globally with a quality house, Please call Richard Ward for details.

MARKET MAKER

Good experience in UK and/or Swiss & Dutch Equities. Please call Richard Ward.

SALES

US Treasurys. Must have excellent experience with central banks. Please call quoting ref DF/493.

SALES - BONDS

Middle East specialist, Must be experienced, fluent in Arabic with good Institutional contacts. Excellent package. Top international house. Quote ref DF/388.

MARKET MAKER

Good experience in Australian Bonds, state issues. Please call Richard Ward.

SALES - FRENCH FRANC

Government Bonds. Must have relevant experience, fluent French. Quote ref DF/580.

SALES

Italian specialists - Bonds. Must have good experience/contacts with Italian institutions and banks. Fluent Italian. Possible with Italian banking or Equities background. Exceptional opportunity. Please quote ref DF/609.

BOND BROKERS

Good experience in Bond broking mainly US $. Please call Richard Ward.

SALES

Japanese Equity sales (2 years exp)	£neg
UK Equity sales to Europe (2 years exp)	£neg
Sales (Japanese Equities - fluent Japanese)	£neg
Sales (European Equities into the UK)	£neg
Equity sales (must speak Italian - 2 years exp)	£neg
Canadian Equity sales (2 years exp)	£neg
Corporate Treasury specialist (director level)	£neg
Convertible Bond sales (5 or a team)	£neg
Australian Domestic sales (2 years exp)	£neg
Fixed Income sales (fluent German - 2 years exp)	£neg
Canadian Dollar sales (2 years exp)	£neg
Gilt sales (2 years exp)	£neg

For details of these and other vacancies currently on our books call
Cambridge Appointments
232 Shoreditch High Street
London E1 6PJ

01-377 6488

Corporate Development Manager

RTZ Chemicals Ltd is an ambitious and fast-growing subsidiary of the RTZ Corporation plc, with speciality chemicals operations worldwide, but presently focussed predominantly in the UK and USA.

We are looking for a senior manager, aged 32-50, with a business background in the chemical industry and with experience of negotiating at the most senior level. Reporting to the Corporate Development Director, the successful candidate will be responsible for pursuing the Company's growth and acquisition programme. Previous experience of acquisitions and of strategic planning is essential. An MBA and knowledge of a European language (French or German) would be desirable.

A competitive salary is offered together with the usual benefits associated with a major international company.

RTZ Chemicals **RTZ GROUP**

Please apply with full CV to P.F.C. Begg, Director of Administration and Personnel, RTZ Chemicals Ltd, 33 Ashley Place, London SW1P 1LS.

TREVOR JAMES CITY

1 Operations Director — to £45,000
A reputable, growing commodity/futures house requires a Director to take responsibility for the Operations aspects of the business currently being carried out by the Finance Director.

2 European/UK Research and Sales — £Neg
We have clients looking for experienced European Equity Salesmen and Analysts. We also have covering several sectors. Salaries are negotiable according to experience.

3 Manager - UK Marketing — To £35,000
A British bank seeks individual in late 20s to early 30s to join team marketing lending products to UK corporates. Experience and the potential to assume further managerial responsibilities are essential.

Telephone: 01-920 9512
TREVOR JAMES CITY
62-64 Moorgate, London EC2R 6EL
RECRUITMENT CONSULTANTS

CORPORATE FINANCE OFFICERS

Our client is a major North American bank with a profitable and well-established presence both in the UK and other world markets.

As part of the development programme for their expanding London-based merchant banking group, they wish to recruit highly motivated, sales orientated individuals to augment close-knit teams focusing on management buy-ins and buy-outs, leveraged transactions and pertinent investment opportunities.

The successful candidates will need to demonstrate a high level of financial and analytical awareness, good presentation skills and an understanding of P.C. applications. These candidates will either be graduates with a suitable degree, coupled with the determination to succeed in the financial market-place, or bankers with 12-18 months experience in a relevant area.

Salaries will be dependent on qualifications and experience and the benefits package will be fully competitive.

PLEASE TELEPHONE MRS JOAN WOODS, 01-236 1113 OR WRITE TO HER, ENCLOSING A FULL C.V. AT PORTMAN RECRUITMENT SERVICES LTD, 15 GREAT SAINT THOMAS APOSTLE, LONDON EC4V 2BB.

PORTMAN
EXECUTIVE BANKING

Jonathan Wren

SPOT FOREIGN EXCHANGE DEALER

£50,000 plus generous benefits package

As a result of successful trading activities, a market-leading corporate treasury team currently wishes to appoint a spot foreign exchange dealer.

It is envisaged that the appointee will have acquired a successful track record with a major banking organisation over a minimum of five years. This position will be of interest to a highly motivated dealer with a continued desire to achieve at the highest levels.
Contact Jon Taylor.

COMPLIANCE & AUDIT OFFICER

to £33,000

A rapidly developing international securities house seeks a self-starter with experience of internal audit within a financial/securities environment, to be responsible for all compliance (TSA/IMRO) and internal audit.

The successful candidate should be under 35 years of age, possess an accounting qualification and above average communication skills. Experience of compliance procedures would be an advantage. An excellent remuneration package is offered in conjunction with scope for career development.
Contact Jane Almond.

LOAN EXECUTIVE

c£22,500

An opportunity has arisen to join one of the lending teams in a premier merchant bank. Applicants, ideally aged 24 to 28 and graduates with treasury or banking backgrounds, must have the breadth of experience to become responsible for analysis, negotiation and marketing a wide variety of corporate credits both on a direct and syndicated basis. Candidates, preferably with a banking or accounting qualification, will also be familiar with all current methods of raising finance in the capital and credit markets.
Contact Michael Hutchings.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

Traded Options Market Making
Morgan Grenfell Securities

Morgan Grenfell Securities is seeking to recruit an experienced Traded Options Market Maker. As applicants will be registered as Options Traders, they will be aware of Morgan Grenfell Securities' well-established team on the Stock Exchange floor. All applicants will, of course, be treated in the strictest confidence.

Remuneration will be competitive and will be based upon previous experience. Excellent benefits will include a mortgage subsidy, non-contributory pension scheme and private medical care.

Applications, including full personal and career details, should be sent to:

Mrs Sue Hendrick
Personnel Officer
Morgan Grenfell Securities Limited
20 Finsbury Circus
London EC2M 7AS

MORGAN GRENFELL

Equity Investment

Salary c.£35kpa

An opportunity has arisen for an able, self-reliant individual to join a two person team responsible for equity investment by a major employer's pension funds.

Assets of the funds exceed £1½ billion.

Ideally, candidates should have a professional qualification, but applications from others who can demonstrate intelligence and flair will be welcomed. Relevant experience is essential.

This stimulating and interesting job is London based.

In the first instance, please write with a full cv including your current salary, quoting reference 696/NJB/88, or telephone: Nigel Bastow, Consultant, Austin Knight Selection, 17 St Helen's Place, London EC3A 6AS. Telephone: 01-437 9261 (01-256 6925 evenings/weekends).

Austin Knight Selection

Legal and Commercial Adviser Cotswolds

An exciting and challenging opportunity exists for a legal and commercial adviser within Royal Bank Leasing Limited, a subsidiary of RoyScot Finance Group plc. the finance arm of The Royal Bank of Scotland Group plc. Royal Bank Leasing with over £1.4 bn of leased assets has a significant share of the market and clear plans for future development and growth.

There are four Sales and Marketing Offices located in London, Cheltenham, Manchester and Glasgow. The job holder, based in Cheltenham, will report to the Operations Director and will be responsible for providing legal and technical advice on all aspects of existing business and new product development. The person appointed will play a significant role in enhancing product profitability.

£Negotiable + Profit Sharing + Banking Benefits

The successful applicant is likely to be in his or her late twenties to early thirties with 3–5 years experience gained in a Commercial Law, Contracts or similar Corporate function. Major Finance House experience particularly in the mid to big ticket leasing sector would be helpful.

This position represents an excellent career opportunity and to reflect the seniority of this appointment will carry an attractive salary, profit sharing and the extensive benefits associated with a major banking group, including relocation assistance.

Written applications including a full CV should be sent to C R Freeborough, Managing Director, Royal Bank Leasing Limited, RoyScot House, The Promenade, Cheltenham. GL50 1PL.

Royal Bank Leasing

Metropolitan Borough of

WIRRAL

DIRECTOR OF EMPLOYMENT AND COMMUNITY SERVICES

£27,576-£30,339

The Council has given greater emphasis to this expanded department and this newly created post is responsible for the formulation, direction and implementation of policies in relation to employment creation and support, community development, grant aid procurement and the development of a marketing and tourism strategy to stimulate new industrial and commercial investment in Wirral.

Benefits package includes relocation expenses, where appropriate, together with car loan/leasing facilities.

Application form and further particulars available from DIRECTOR OF PERSONNNEL SERVICES, Town Hall, Brighton Street, Wallasey, Merseyside L44 8ED (051-638 7070 ext. 346) returnable by 3 August 1988.

WIRRAL IS AN EQUAL OPPORTUNITY EMPLOYER AND POSITIVELY WELCOMES APPLICATIONS FROM WOMEN, PEOPLE FROM ETHNIC MINORITIES AND DISABLED PEOPLE

Jonathan Wren

DEPUTY GENERAL MANAGER

£Negotiable

Our client is a large, successful bank in the US which has been operating as a branch in the UK for two years. Having now received a full banking licence it is looking to further develop its UK operation across the spectrum of financial services.

With an ambitious growth plan, the bank is looking to recruit a deputy to the General Manager with extensive experience gained within the UK banking environment. Preference will be given to private banking candidates with a background involving the servicing of high net-worth customers.

The successful applicant will possess highly developed management and organisational skills, an innovative approach and the drive and enthusiasm to successfully develop the new bank.

Because of the degree of experience called for, it is unlikely that the candidates will be less than 40 years old.

The position offers the full range of banking benefits with no upper limit on salary for the right person. Contact Richard Meredith.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

Relationship Manager

PRIVATE BANKING MIDDLE EAST

Citibank's Private Banking Group provides a full range of banking and investment services for wealthy clients around the world. The Middle East is one of our most important markets – and one that demands sophisticated and sympathetic account management.

Based in London, you will head a small team concerned with the management of all aspects of your clients' financial affairs. As well as providing professional banking, credit, investment counselling, real estate and fiduciary services, you'll be expected to devise and implement longer-term business development plans appropriate to the sophisticated financial requirements of your clients.

Ideally with a Private Banking background, you should possess a sound knowledge of the Middle East. Fluency in Arabic will be an important advantage.

As a successful Relationship Manager you will enjoy excellent career prpspects within one of the world's largest financial organisations. An attractive salary will be complemented by a full range of banking benefits.

Please send your full CV and details of your current salary to: Derek Froud, Personnel Co-ordinator, Citibank Private Banking Group, 41 Berkeley Square, London W1X 6NA.

We are an equal opportunity employer.

CITICORP CITIBANK

DEPOSIT DEALER

Our client, an International Bank based in the City, is currently seeking to recruit an experienced deposit dealer. The candidate will have a minimum of two years in the market with a preference towards Sterling. As well as being involved in Treasury, the candidate will also have customer/client contact. Salary will be c.£30,000.

TECHNICAL TRADER

This prime name American Bank is currently seeking to recruit a technical trader with a solid track record. A minimum of two years are required at a Bank recognised for its expertise in this field. Salary will be negotiable, plus car and normal benefits.

SPOT DEALER

A major US Bank currently require an experienced Spot Cable trader to complement their highly competent team. The candidates will ideally be aged mid to late 20s and have good exposure to the Spot market. Salary will not be a limiting factor.

CORPORATE DEALER

Due to the expansion of their Corporate desk, our client, a well established International Bank, is currently looking to recruit a customer dealer, 2-3 years on an active desk is required. Salary is c.£25-30,000.

SENIOR FOREIGN EXCHANGE DEALER

A strategic Cable dealer, Spot and Forward, is sought by a progressive City bank. Applicants will need a sound background as a Cable dealer gained with an active, highly professional name. Salary is negotiable.

CORPORATE DEALER

This well established Middle Eastern Bank is currently seeking a number two for their Corporate Desk. Candidates should have 1/2 years' experience in a dealing room environment. Experience as a Corporate dealer would be an advantage. Salary will be c.£20-25,000.

PLEASE CONTACT STEVE CARTWRIGHT OR SALLY SHUTTLEWORTH ON 01-247 7632

THE ROGER PARKER ORGANISATION LTD

BOWL COURT, 231 SHOREDITCH HIGH STREET, LONDON E1 6PJ

ADVANCES MANAGER

We are a very successful financial and banking services company based in the West End. Due to rapid expansion, our Banking Division now requires another Advances Manager to join our busy team.

Reporting to the Senior Manager of the department you will be expected to work very much on your own initiative without supervision. Duties will include all aspects of loan analysis and administration involving both meeting with customers and the monitoring of their accounts. You will also be expected to prepare loan summaries and quarterly reports for the credit committee.

Candidates should possess a banking or other professional qualification.

Apart from a salary of c£23,000 per annum there is an excellent benefits package.

Interested candidates should send their full cv to:
Ms J I Standfield, Group Resources Executive

CHANCERY PLC
14 Fitzhardinge Street, Manchester Square, London W1H 9PL

COMPANY SECRETARY DESIGNATE

EXPANDING WEST COUNTRY BANK, PART OF A WORLD-WIDE FINANCIAL SERVICES GROUP.

An excellent opportunity has opened for a Company Secretary Designate to understudy the present incumbent with a view to taking over the position in late 1989.

THE POSITION

The Company Secretary Designate will be required to assume responsibility for researching, advising and ensuring compliance with Consumer Credit, Banking, Financial Services, Pension, Company and other related legislation. Therefore experience in these fields, whilst not essential, is highly desirable.

He/she will also be responsible for the management of a small Secretarial Services department which includes the administration of the Company Pension Scheme, maintaining Statutory Books, Filing Statutory Returns etc.

THE PERSON

The successful applicant should possess a degree in Law and/or ACIS qualifications, be between 25 and 30 years old, with commercial experience preferably in the Financial Services Industry.

REMUNERATION

The Company operates an attractive remuneration package and the salary and benefits offered will reflect the importance of the position and as such will not present a problem in attracting the right calibre of person.

Write to or telephone:
Alison Preston, Western Trust & Savings Ltd., The Moneycentre, Plymouth PL1 1SE.
Telephone (0752) 224141

Western Trust & Savings Ltd
The bank that takes *people* into account

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- **Market Making**
- **A$200,000 + Bonus**

This is an opportunity to bring your advanced trading skills to one of the world's fastest growing financial markets. The volatility and increasing depth of the equities market in Australia offers excellent scope for profitable trading.

The position is based in Australia's major capital city, Sydney, with a population of four million people. Medical, educational and recreational facilities are of the highest standard and will allow you to enjoy a lifestyle envied throughout the world.

You will lead the trading division of a major bank in Australia which has assets of $10B and is renowned for its innovation in treasury markets and its strong presence in corporate and project finance.

As Manager of the Division, you will have full 'profit centre' responsibility, the discretion to direct trading activity, responsibility for motivating and building the team, as well as a 'hands-on' dealing role.

Candidates must have a successful track record of three to five years in one of the key trading areas, particularly risk arbitrage. The drive and energy to establish a profile as a leading trader in a new market are also essential.

Remuneration is negotiable up to $A200,000, and a significant bonus will be based on a generous incentive scheme. Every assistance will be given with immigration, travel arrangements and relocation.

For further information, please telephone Antoinette Francombe on 61-2-251-1022, or fax a brief resume on 61-2-251-3975, quoting Ref No 5125/24. If you prefer, please send a resume to Morgan & Banks Pty Ltd, Level 3, 1 York Street, Sydney NSW 2000, Australia.

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PROPERTY DIRECTOR - East Anglia Salary c £35,000 pa

Tollemache & Cobbold Breweries Limited is part of the largest privately owned regional brewery group in the country and, with the necessary marketing and financial resources, is poised for major expansion.

Based in the rapidly developing East Anglia region, the Company operates around 350 pubs and a brewery and is committed to expanding these interests.

The Company now seeks an experienced Chartered Surveyor, with commercial flair to head a dynamic team with the purpose of ensuring, not only that existing assets are utilised fully but in planning for growth.

As a member of the Board, reporting to the Managing Director, you should have sound knowledge of this changing industry and will be expected to contribute to the strategic planning of the Company's future.

Please write, enclosing your full career details, to:-

Mr A J Chamberlain, Chief Executive, Tollemache & Cobbold Breweries Limited, P O Box 5, Cliff Brewery, Ipswich, Suffolk. IP3 OAZ

ESTATES MANAGER Salary c £18,000 pa

To complete our Property Executive Team, we also require an Estates Manager, reporting to the Property Director for estate management matters.

Applicants, with RICS qualification, should be energetic, commercially minded self-starters, who can drive our property strategy for acquisitions, disposals and all estate management matters.

This is a job for someone who has learnt the basics since qualification and now needs to put themselves to the test in a responsible position in a growing organisation.

Please send full career details to:-
Mr J D [illegible] Tollemache & Cobbold Breweries Limited, P O Box 5, Cliff Brewery, Ipswich, Suffolk. IP3 OAZ

DEALERS

On behalf of our client, a Triple A rated European Bank, we are currently seeking several first class individuals who have already demonstrated outstanding dealing ability and who would like to continue their career within a prime bank, committed to a major position in the market.

SPOT — MAJOR CURRENCIES
F.R.A.'s
FORWARDS

Salaries are highly negotiable, reflecting the importance of these positions, and we understand are unlikely to be a barrier to the chosen candidates.

For an initial, informal discussion, interested dealers are invited to call Gordon Brown personally, or send a curriculum vitae.

GORDON BROWN & ASSOCIATES LTD.
RECRUITMENT CONSULTANTS

57/59 LONDON WALL, LONDON EC2M 5TP
TEL: 01-628 7601

Gordon Brown

BANQUENORDEUROPE

***BANQUE NORDEUROPE S.A. (BNE) LUXEMBOURG,** is actively involved in various fields of Merchant & Investment banking and is in the process of further strengthening its Treasury activities.*

We are now looking for a:

FOREIGN EXCHANGE DEALER

to join our young and enthusiastic team and to take an important role in our FX activities.

We expect the successful candidate to have the ability and experience to handle FX transactions, including our Forward dealing in SEK and FIM.

We are offering a challenging position in a Bank with excellent prospects for success in the future.

Naturally, Terms and Conditions will match your individual Qualities, Experience, and Results.

If you are interested in this opportunity, please call our Treasurer, or send your application which will be treated in the strictest confidence to:

BNE
Banque Nordeurope S.A.
Att. Personnel Manager
P.O. Box 259
L-2012 Luxemburg
Phone (352) 46 18 01-1

We are looking for a

BOND ANALYST

for our London Branch to head our Bond Information Department.

The candidate should have good general knowledge about International Bond administration and analysis.

Candidates must be able to work independently. Language skills an advantage.

Please send your resume to:

P.O. BOX 476, CH-1211 GENEVA 6, SWITZERLAND

GRADUATE IN LAW/QUALIFIED SOLICITOR
£25,000-£30,000
A fast expanding established International bank in the City require a trained legal mind to assist the Credit Manager and Committee on all legal aspects regarding property, sovereign and project financing and financial engineering in new aspects of facility lending. A minimum of 2 years experience in contract and commercial law is essential.

MARKETING OFFICER
£NEG
International bank has an opportunity for an Italian or Spanish speaking specialist with experience in capital markets products, sovereign risk and syndicated lending to develop an expanding portfolio.

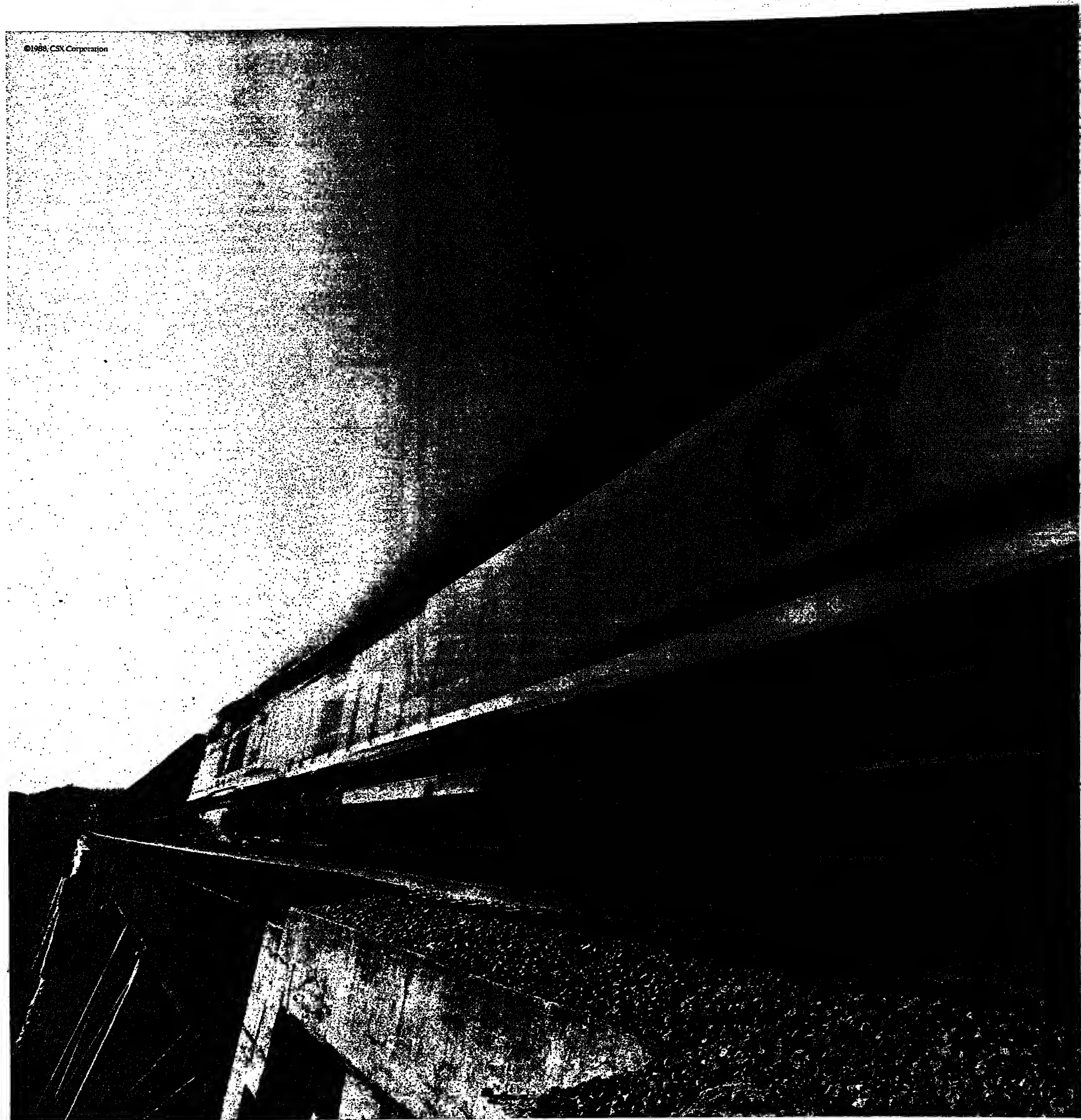
FINANCIAL ACCOUNTANT
c£25,000
Qualified ACA/ACCA (25-35) ideally with a banking background and/or Big 8 training, is sought by reputable European bank to oversee and to develop the accounting function.

INTERNAL AUDITOR
c£25,000
A triple 'A' rated European bank requires an experienced auditor to improve control by advising on internal organisation, work procedures and financial reporting.

COMPLIANCE MANAGER
c£30,000
Expanding European bank requires senior officer to implement TSA requirements and supervise audit function in capital market division.

CURRENCY OPTIONS
£AAE
Leading US Bank are currently expanding their currency option sales team. The successful candidate will probably be in their early 20's with a minimum of one years experience. Excellent prospects.

OBSB
OLD BROAD STREET BUREAU LTD
STAFF CONSULTANTS
109 Old Broad Street, London EC2N 1AP. Tel: 01-588 3991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Prince

WEMBLEY ARENA

The boy with sex, love and lust printed in big capitals on the back of his jacket had got it wrong. Sex and love still loom large in Prince's imperial bedroom, but these days God is in gold medal position.

"Do you believe it, London? I do," implored the acclaimed couch king of Minneapolis at regular intervals, only here the "it" referred not to the rousing powers of his small, but perfectly-formed personage but to his new catch phrase: "Love is God, God is Love."

Nothing too original in that, but the alliance of religion and sex in the cautious climate of 1988 is a heady one and likely to prove a sound career move.

Yet, through a first half that veered between heavy-handed melodrama and the routine Bible thump and grind of Lovesexy, his latest LP, London was a little reluctant to be added to the congregation. Prince was strutting the best of his stuff, resplendent in crotch-tight hot – in every sense – pants, and polka-dot head-scarf, but the message was blighting the music.

In the programme, Prince, through his adopted persona, Camille, had renounced the fleshly evil of the never-released but heavily bootlegged Black LP, the last vestiges of his descent into wall-to-wall sensuousness, and ushered in the New Power Generation.

The staging spoke plenty: part nebulous fantasy and part city highway with a suspension bridge that reared out of the floor, it gestured to the twin deities of American youth culture – the basketball net and the motor, in this case a little white Corvette (here, too, Prince has changed his colours), which did a slow motion circuit of the stage before disgorging its contents into a miasma of psychedelic smoke. With revivalist fervour, he welcomed us to his kind of *heaven*, *complete* with writhing go-go dancers. Prince, you see, is intent on having it both ways.

In a blistering second half, when the play-acting is stripped to a minimum and the hits just keep on coming, he sets the earlier doubts on their heads. Suddenly, the "dearly beloved" church organ intro of Let's Go Crazy, the anthemic guitar-strangling of Purple Rain and the animal logic of When Doves Cry fit perfectly into Prince's new scheme of things.

As a dancer, Michael Jackson leaves him cold, but as a performer Prince conjures up a vulnerability that is both sexy and real. His hip-wiggling and trollist interludes are stylised and tongue-in-cheek, but he makes *up in articulate guitar licks* what he lacks in dazzling choreography.

It is a shame that in pursuit of this new gospel – his backing singer owed a considerable debt to Aretha Franklin – there is little room for much of last year's critically acclaimed Sign o' the Times set. There is a cursory run-through of U Got the Look, but the gritty feel *of Sign o' the Times* would be misplaced in a realm where the mood is resolutely up.

So the band, including Sheila E. on drums, belt out powerhouse funk swathed in a brilliantly celestial light show. At their centre, Prince plays the god of love.

It may be Lovesexy, but it's Safesexy, too.

Claire Armitstead

TELEVISION

Holidays prove a two-edged sword

Returning from a holiday on a sailing cruiser in the Gulf of Fethiyë off the Turkish coast to life as a mass-media commentator in London is rather like stepping out of an empty cathedral onto the escalator of a crowded railway terminus. First the contrast takes your breath away, and then, for a while, you wonder "Why do we all rush about like this? What does all this frantic activity achieve?"

Aboard the yacht Lalé there were no newspapers, no magazines, and no television. There was a radio but it came to life only a couple of times a day with messages such as "Lalé, Lalé, this is Miné, Miné. Do you want an even better fish restaurant for tonight? It's three bays to the west and in this wind you should make it in three hours. Great kalamari and do try the börek."

The wind was easily our most important consideration . . . well, after the water supply, which adopted towering significance in temperatures hovering around 100 F. We knew nothing of the oil rig disaster, nothing of the progress in the Gulf war – but were we diminished by our ignorance? John Donne said "No man is an island . . . any man's death diminishes me because I am involved in mankind." But Donne lived at the turn of the 16th century when it took months for news to get from Britain to Turkey.

Would he really have relished the way that we are instantaneously involved today in events around the globe? Our return coincided with the adoption of Mr Dukakis as a US presidential candidate, and the quantity of coverage in all the mass media seemed absurd. It was another of those occasions when newsmen were clearly responding not to the preferences of the public but to those of other newsmen.

Of course the effect of the holiday in producing this healthy distancing from the perpetual whirling of the information roundabout rapidly lessens and you find yourself back on the merry-go-round without knowing how you got there: the World Service to accompany shaving, newspapers with breakfast, and so on, right through to *Newsnight* at 10.30, or 10.40pm (whatever happened to Mr Checkland's diktat about a regular start time?)

There was, however, or seemed to be, a second effect produced by the freshened eye of the returning holidaymaker. Having spent years defending television against those who attack the entire output as time-wasting rubbish, I found myself, during my first few days back, beginning to think that the whole business was, indeed, cheap, flashy and vulgar.

The first programme I saw after returning was *The Bill*, ITV's newly arranged police drama which is being screened twice a week in half-hour episodes as part of ITV's attempt to win bigger audiences in the early evening. It was the familiar old violent stuff – screaming tyres and repetitive gunshots – all served up, according to the "IBA Family Viewing Policy" in TV Times, for the delectation of entire families complete with children. It looked as though it had been drawn not from life, but from other television police series – particularly *Hill Street Blues*, of which it falls very short, however.

On the other hand *The Bill* is vastly better than ITV's newly imported American series *In The Heat Of The Night*. It is possible for television to stretch a good movie into a good series (*M.A.S.H.* is an example) but *In The Heat Of The Night* comes nowhere near the quality of the 1967 film. The television version is *Dallas* with hominy grits. Sonny Mims is accused by his wife of being the only man in town without an air-oh-plane, Cousin Paul-line is an al-co-holic, and the women are very keen on stripping down to their camiknickers (*under* which they wear their tights).

Another new ITV series, *Classmates* is almost indistinguishable from *This Is Your Life*, with Sarah Kennedy in the rôle of the late Eamonn Andrews. The subject of the opening programme was comedienne Su Pollard and, sure enough, we had satellite links to her parents in Australia, long-lost school friends greeted with tears and kisses, in fact the entire formula, bar the big red book. There is nothing greatly wrong with the programme, if you like that sort of thing, but those of us who never much enjoyed *This Is Your Life* will not need to look at *Classmates* again.

> A wider perspective may be gained at the expense of a temporary loss of discrimination

The new ITV series which has attracted most attention, and most hostility, is *Family Affairs*. Transmitted so far only in the London area, it is described as "A brand new show" (the latter word clearly putting most commentators in mind of the Elephant Man or the twopenny visit to Bedlam in the 17th century) in which "ordinary people in genuine conflict with their nearest and dearest bring their private emotional arguments from the home to the studio."

The opening episode, with Maria attempting to prevent her beloved brother marrying below him (as she clearly believed) was pretty unedifying. Maria accused Sharon of having "incredibly bad taste," Sharon – understandably in the circumstances – called Maria a stuck up bitch, and matters then deteriorated. As disc jockeys go, Mike Smith made an adequate presenter, but one did wonder whether the programme might have achieved more if left entirely in the hands of "agony uncle" Phillip Hodson, who was merely used as occasional heavy relief.

Considered collectively as an illustration of what is new on television, these four series were dire enough. Contrasted with the passionate intensity of the 1967 David Mercer drama, *In Two Minds*, which BBC1 repeated on Thursday, they seemed to indicate a pitiful decline from a golden age (oh yes, the sixties *were* a golden age, whatever the current fashion for revisionism) to an age of mass-extruded plastic schlock . . . and yet . . .

In a four-channel system such judgements must depend largely upon what you choose to watch and perhaps, after my holiday, my selection was haywire. On Friday things began to look up when I watched BBC1's *Omnibus* which broadcast Heathcote Williams' extraordinary hymn to leviathan, "Whale Nation." A mixture of celebration, protest, teach-in and green politics, it was *sui generis*; quite unlike any other programme I have ever seen and, all by itself, a justification for owning a television set.

Next day came Channel 4's relay of *Don Giovanni* from Covent Garden: not the same as being there but a wonderful second best, and available, moreover, to the entire nation at no apparent cost. The modern movement away from singers with ludicrously inappropriate figures and towards such attractive performers as Kiri Te Kanawa and Thomas Allen suits television down to the ground and must, surely, make it easier for newcomers to opera to come to terms with the genre.

On Sunday Channel 4 screened *Virtuoso* in which Jonathan Miller had a most penetrating and fascinating discussion with Murray Perahia about the precise mental processes used to prepare for the performance of a piece of music, followed immediately by the performance itself. That in turn was followed by a remarkably similar type of programme devoted to a different medium: *Movie Masterclass* in which Lindsay Anderson analysed the structure of Ford's splendid film, *My Darling Clementine*, which was itself screened as soon as his masterclass ended.

Maybe the holiday is a two-edged sword. Although it enables the viewer to stand back and gain a wider perspective, perhaps it also causes a temporary loss of discrimination. Like all summer seasons on television this one is a bit of a morass, but if you pick you way through the rubbish there are still worthwhile programmes to watch. Tonight ITV offers *Disappearing World* on the Wodaabe nomads, and BBC2 shows the first television drama from Théâtre de Complicité: *Burning Ambition*. Even this Friday's *Family Affairs* is a huge improvement on the opening episode.

Yet it is still a bit of a mystery: if you don't need television at all in Fethiyë Gulf, why do you need it in London?

Christopher Dunkley

The Kirov Ballet's Giselle

COLISEUM

Whatever else may have changed in the 18 years since the Kirov Ballet was last in London, the Leningrad company's command over classic stagings has not. Like their *Swan Lake* on which I reported from Dublin last week, the *Giselle* with which their London visit opened on Monday night has an eloquent simplicity of means that is the result of decades of thought, of accumulated wisdom by dancers and producers.

The old ballet has been in the Russian repertory since the year after it was first seen in Paris. Historical continuity, a long organic process of editing and reassessing its significance, are implicit in the present Kirov version. And with 146 years of production experience reduced to a potant essence, it takes us to the heart of the Romantic masterpiece. Mims is simple, unfussed: Berthe merely hints in a gesture that Giselle has a heart condition and warns her daughter of the *wili* legend. (And at this moment Assylmuratova, Monday night's Giselle, bent forward in a pose that told us how vividly the girl reacted to the mention of the ghostly dancers: her future was dreadfully clear to her, and to us.)

Characterisation is understated – there is none of that dire Royal Ballet mummery, with every person on stage only too well aware of who they are and only too eager to let us know that they know – framing the central tragedy without encroaching on it. It is, in sum, a staging wise with its years, sensitive in the knowledge that allusion rather than emphasis is the sign of classic art.

But it demands, and received on Monday, central interpretations that draw every effect into focus. Altynai Assylmuratova is so beautiful that it is hard sometimes to do more than marvel at the perfection of her features – empires have been lost because of a face like hers. But her physical lustre is allied to a command of movement that imbues a single pose with profound meaning. She seems, by temperament, an artist for tragic roles. The trusting gaze, the arm stretched to the heavens, the body poised in a long arabesque, are ravishing signs of Giselle's devotion to her beloved.

In the second act, the dance is airy but redolent of feeling, and has what now seem characteristic moments for this artist when she will seize on a passage of choreography (as she did in the coda of the Black Swan duet, and as she does here in the solo of small jumped steps in the forest scene) and so shape and stress its matter as to give it new impact and new importance. Dramatic intelligence, a seamless lyricism, make this a luminous performance.

Rightly, Assylmuratova is partnered by Faroukh Ruzimatov. His is the manner of a Romantic hero – with his Delacroix looks he resembles the portrait of Chopin – and there is in this partnership, a psychic sympathy which transcends the conventions of double-work. The two artists speak to each other on a deeper and more nrgent level: thus Albrecht's passion for Giselle, her ultimate saving of him, are intensely symbols of that Romantic crisis which lies at the heart of the ballet. In dancing as in feeling, Ruzimatov blazes, aspires, burns with despair, and we believe. It is a grand interpretation.

From the company no less admirable dancing, with the miraculous corps de ballet of wilis, impeccable at every moment, led by the commanding Tatyana Terekhova. The production is slightly curtailed from that shown in Paris a few years ago, and from that seen on the Kirov's home stage; because Ruzimatov is given a solo in the first act, the *peasant pas de deux* was suppressed on Monday night. An abiding pleasure of the evening was the account of the score given by Viktor Fedotov, sensitive to every nuance. The Kirov is showing six different Giselles this week, something of a record; and this tour is sponsored by American Express, to whom grateful thanks.

Clement Crisp

Alastair Muir

Jim Broadbent as Kite

The Recruiting Officer

ROYAL COURT

Max Stafford-Clark, newly re-appointed as Artistic Director of the English Stage Company, has been in charge at the Royal Court for as long as Mrs Thatcher has been Prime Minister. My first and rather troubled reaction to his revival of George Farquhar's Restoration masterpiece is that the length of this tenure is beginning to close down his artistic vision.

Early evidence comes in the first address of Sergeant Kite (Jim Broadbent) to the Shrewsbury mob, a rhubarbing gaggle at the front of the stage. These are actors off duty before the main business of the evening. Later on, we hear jokey farmyard noises, a country wench appears with a basket of palpably prop chickens; Captain Plume urinates in the River Severn to the accompaniment of a sound effect, and a gauze scrim flies out to reveal a prettified townscape enveloped in a permanent heat haze.

The Recruiting Officer was famously stripped of all such decorative artifice by William Gaskill at the National Theatre in 1963. Realism of location and sentiment were nonetheless allied to a glorious acknowledgement of the play's elegance and style. This production falls awkwardly between various stools. The major mistake is to treat it like a Caryl Churchill play, actors doubling so many roles that each one is deprived of its own true life and flavour.

In the Churchill plays, this ruse has been an energetic theatrical weapon of sexual politics. In Farquhar, the point of Sylvia's disguise as Jack Wilful is both to snare Plume and to investigate her own emotional life. Lesley Sharp does some of this quite beautifully, but her adventure is reduced by such peripheral, facile capering as Ron Cook's doubling of a mock gormless Welsh bumpkin with an arthritically superficial Captain Brazen who sounds like Edward Fox on a bad day.

Brazen's third act entrance is a let-down if you have already seen the actor. The shape of the character's stage life is completely npset, and the diffuse second half of the play becomes even more clouded with quick-change routines resulting in a dull monotony of pace and delivery. Nick Dunning's rather touching, pathetic Worthy, devoted to the haughtily shallow heiress Melinda (Linda Bassett) is bartered frantically with the pompous court official whom Kite finally snaps up.

Miss Bassett herself is a painfully gauche recruit in that wonderful scene where Kite and Plume trick the yokels into accepting money and subseqnent enlistment. The reality of disguise in this play runs deeper than such coy transvestism. Sylvia's sexual adventurism is complemented by Kite's sordid desperation as a spurious palm-reader whom Jim Broadbent clearly relates to Ben Jonson's scheming charlatan Subtle.

Broadbent's Kite, alone on this stage, flies up from a cess-pit of truth, anger and revenge. I hardly recall the hocus pocus scenes in Colin Blakely's interpretation at the *Old Vic*, but this nasty, war-stained Kite links them in their joyless fatuity to the bitter confession of his gypsy origins. He fixes Plume's whores, as he does the army's cannon fodder, with a glazed, mechanical indifference born of ntter cynicism. His appetites are swamped in disappointment, his greasy, thinning hair mangled into the half-hearted likeness of a fashionable wig he can never afford.

David Haig's Plume is competently roguish but reluctant to embellish his discovery that there is something in Sylvia "more than a woman." Many readers will recall the swirling, agitated, heart-rending comedy enacted by Robert Stephens and Maggie Smith, not to mention the brilliant éclat of Max Adrian's Judge Balance and Olivier's Brazen.

In comparison, this production, Broadbent apart, is as dull as it is misguided. Peter Hartwell's designs are cumbersomely old-fashioned architectural evocations, inconsistent and badly lit. There are Georgian windows, Edwardian chairs, 1930s crockery and a town trongh and pump that clutter up the centre of the stage end are hardly used, and then only in tha most perfunctory, predictable manner. The ladies' costumes are drably executed.

The role-playing theme may expand into a more pungent stylistic statement when this play is joined in repertoire by a stage version of Thomas Keneally's novel *The Playmaker*, in which English convicts in Australia rehearse and perform *The Recruiting Officer*. One senses the play itself has already been sacrificed to some curionsly enclosed and ingrown ensemble project.

Michael Coveney

ARTS GUIDE

July 22-28

THEATRE

London

Too Clever By Half (Old Vic). A fizzing Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrel in an old Rodney Ackland version, with remarkable Expressionist designs by Richard Hudson. Until August 13. (928 7616, credit card bookings 261 1821).

Cymbeline, The Winter's Tale and The Tempest (Cottesloe). Peter Hall's National Theatre farewell productions return to the Cottesloe for July. Michael Bryant's tetchy Prospero, Geraldine James's adventurous Imogen and Tony Haygarth's sweaty Caliban are the pick of some uneven performances. (928 2252, credit cards 379 4444).

The Changeling (Lyttelton). National Theatre director-designate Richard Eyre pitches in with an exotic transposition of Middleton and Rowley to a Goyaesque 19th century Spanish slave colony. (928 2252, credit cards 379-4444).

The Common Pursuit (Phoenix). Flawed Simon Gray comedy about Cambridge graduates in love and publishing. Take-over cast includes James Wilby and Patrick Barlow. (836 2294, credit cards 240 9661).

Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107).

South Pacific (Prince of Wales). Average revival of the Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair. (839 5989).

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, credit cards 379 6131/240 7200).

Follies (Shaftesbury). Revival of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion. (379 5399).

Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support. (836 6404, credit cards 379 6233).

New York

Fences (46th Street). August Wilson hits a home-run with a tale of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221 1211).

Cats (Winter Garden). Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline. (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Les Misérables (Broadway). Led by Colm Wilkinson as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama. (239 6200).

Starlight Express (Gershwin). Barely recognisable from its original in London, the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness but has nevertheless proved to be a durable Broadway hit. (947 6033).

Washington

The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lily Tomlin repeats her award winning solo performance of the crazy people who inhabit her funny and strange imagination. Ends Aug 7. (254 3670).

Les Misérables (Kennedy Center Opera House). The touring company of the international hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an insistent contemporary beat. Ends Oct 15. (254 3770)

Chicago

Pal Joey (Goodman). Set in Chicago in the 1940s, this Rodgers and Hart classic follows in haunting melodies the escapades of a classic heel caught between the one who loves him and the rich lady he wants. Ends Aug 7. (443 3800).

Tokyo

Kabuki (Kabuki-za). The kabuki theatre's greatest showman, Ichikawa Ennosuke, stars in a complete version of one of the most famous plays in the kabuki repertoire, Yoshitsune Sembonzakura (The Thousand Cherry Trees). Act VII features Ennosuke's portrayal of the fox, Tadanobu, with its magical quick changes, acrobatics, and a climactic flying exit. Ends July 27. (541 3131).

Opera-za no Kaijin, better known as The Phantom of the Opera (Nissei Theatre). Japan's leading musical company, Shiki, acquits itself well in what is a virtual carbon copy of the London original. The Japanese translation is often awkward, but Andrew Lloyd-Webber's gift for musical pastiche, Harold Prince's romantically evocative staging and Maria Bjornson's stunning sets and costumes make for an enjoyable evening. (503 3111).

Les Misérables (Imperial Theatre). This stirring musical adaptation of Victor Hugo's novel of the Paris barricades has returned to Tokyo for another four-month run. (201 7777).

The Mahabharata (Ginza Saison Theatre). The great Indian epic, dramatised by Jean-Claude Carrière and staged (in English) by Peter Brook and his international troupe of actors from Paris. Full of enthralling images of earth, fire and water. Ends July 27. (535 0555).

Royal Liverpool Philharmonic

ALBERT HALL

The Royal Liverpool Philharmonic, which on Monday came down South for its annual appearance at the Proms, has had quite a run of Principal Conductors in the last decade or so, none of them appearing to last very long or make much of a mark. The latest is the Czech Libor Pešek, previously known in London for his Philharmonia concerts, recently appointed in Liverpool (and making his own Proms debut on this occasion). If this lively, well-managed, highly enjoyable concert of Dvořák, Beethoven, and Prokofiev was any kind of portent, the fortunes – and the duration – of the partnership are surely set to change.

Pešek and the orchestra played Dvořák's Seventh Symphony as the first part of the concert, and msde it sound as natural as breathing. It is to be expected that a Czech condnctor would be "insida" this work, but not necessarily that he would be able so fully to instil an idiomatic sense of its melodic shapes and rhythmic underpinning into the players after so sbort a period of acquaintance.

It was not an overwhelmingly powerful D minor Symphony, not blazing in its attack, not stringent in its search for symphonic drama. This was a performance shaped to sing, with intimate inflexions and points of detail, and thus to reveal the argument with complete fidelity in all its lyrical compactness. In the string and wind departments there still needs to be greater warmth of tone, greater blending and finesse of timbres (the brass were splendid): Pešek's work with the orchestra, already so well begun, needs to go further, and no doubt will. This was already notably fine Dvořák.

After the interval there was a similarly lyrical manner of orchestral snpport for Peter Frankl in the Beethoven G major Concerto, and so it was a small disappointment that the pianist himself, in commandingly muscular but slightly rongh form (particularly accident-prone in scale passages and arpeggios), was unable always to answer it in kind. The closing items in a concert longer than the Prom norm (which did not feel it) were a high-mettled selection from Prokofiev's *Romeo and Juliet* (to anyone who knows the whole score in its proper, i.e. theatrical, context, it was gibberish to hear the ballet's ending as penultimate number and Tybalt's death as finale); and – as bonne-bouche – Paul Patterson's relentlessly jolly (but *actually* very well-made) *Upside-Down-Under Variations*.

It was a pleasure to hear this orchestra playing this way: a pleasure that one hopes will be regularly repeated.

Max Loppert

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Europe's slowcoach

THE PERCEPTION of the the Federal Republic of Germany as the economic "sick man of Europe" bas become deeply entrenched. Yet it is not so very long ago that West Germany was regarded as Europe's economic powerbouse.

The comparison in the OECD's most recent report between the recoveries of the West German economy after the two oil shocks explains the changed perception. GNP growth averaged only 2.3 per cent a year between 1982 and 1987, as against 3.4 per cent between 1975 and 1980, while average unemployment has more than doubled between the two periods, to 8 per cent. Not all is gloom, it is true, since there has been a marked reduction in inflation. What is disturbing, however, is that fiscal retrenchment has becn met not with a private sector bang but with a whimper.

The customary complaint about West Germany is that it is spreading stagnation throughout Europe and creating unsustainable "imbalances" in the world economy. These arguments are exaggerated.

The West German economy accounts for about a quarter of European Community GNP, but wby should the growth of three quarters of the Community's GNP be constrained by the slow growth of just a quarter? in addition, a willingness to export a sizeahle proportion of excess private saving to the rest of the world would appear quite appropriate for a ricb country with a declining population.

The main problem is for the Germans themselves. The major interests in society appear to have a consensus, hauntingly familiar to British observers, that radical change is disturbing and unnecessary. The question then is wbether Germany can avoid Britain's fate or whether adjustment postponed will become still more severe adjustment later.

Gloomy forecast

The OECD argues that "low growth begets low growth." In particular, slow growth of output generates correspondingly slow growth of investment and productivity and so, in turn, slow growth of output. Low growth of investment also means high rates of unemployment even when capacity is fully used. With a rising private propensity to save and a declining government deficit, a structural current account surplus has emerged.

The OECD's forecast is a gloomy one: that GNP growth will decline from 2¼ per cent this year (better than generally forecast last year) to 1¾ per cent in 1989. There is also expected to be a modest reduction in the foreign balance in real terms, though the current account surplus is expected to remain above $40bn both this year and the next.

Service sector

Whst is to be done? The report focuses on deregulation and labour market flexibility. The labour market is not more rigid than before, but it is more rigid than in some other major economies, a significant problem in an era of rapid change. Moreover, the best prospects for growth of output and employment lie in services. Yet the service sector is severely hedged about with restrictions of all kinds.

In the context of deregulation and fiscal reform, macroeconomic expansion could be contemplated. The limitations on monetary policy are indicated by the steep yield curve when monetary policy was relaxed, a reflection of entrenched inflationary fears. The main effect of lax monetary policy would be on the exchange rate, the danger then being that growth would be stimulated hy another boost to exports.

Fiscal policy is a different matter. The OECD is right to argue that "both the rise and the level of the public sector deficit in 1988 can be viewed witb some equanimity." A clearly temporary, but significant, fiscal expansion, comhined witb a programme to increase the flexibility of the economy and reduce subsidies, would be "pump priming" at its best.

Not that an expansionary fiscal policy would achieve much on its own. The contrast between German and British economic performance of the 1980s results from differences in microeconomic – not macroeconomic – policy. The changes in the UK were contemplated only after a desperation produced by decades of relative decline. It is far too soon for West Germany to show either such desperation or such radicalism. One has to fall beck on the hope that the required changes will be made before it is too late.

Compensation for investors

INVESTMENT compensation schemes are highly regarded hy politicians because tbey greatly reduce the distress and embarrassment caused by the failure of investment businesses. Such schemes are often distrusted by the financial services industry, however, because by their very nature they oblige the good firms to pay for the mistakes of the badly managed ones. If ill-designed, they can seriously distort the operation of market forces by encouraging investors to ignore their personal responsibility for making prudent decisions.

Tbe Securities and Investments Board's industry-wide Investors Compensation Scheme, which will apply to authorised investment firms and sole traders from August 27, steers a delicate path. Its strength is that it is targeted upon the comprehensive protection of quite small investors (for sums up to £50,000) and therefore will avoid hardship among poorer savers without imposing a straitjacket upon tha whole financial services industry. Its weakness is thet the built-in flexibility and low annual aggregate ceiling (no more than £100m in compensation payments in a single year) could make the payments seem meagre, late and arbitrary.

A sound compensation scheme must be supported by an effective regulatory regime to limit risks to manageahle levels. But too much regulation will lead to ossification of the products and services available to investors. Only experience will show whether the balance has been struck correctly and it is wise that provision has been made for a review of the scheme within 18 months of its commencement.

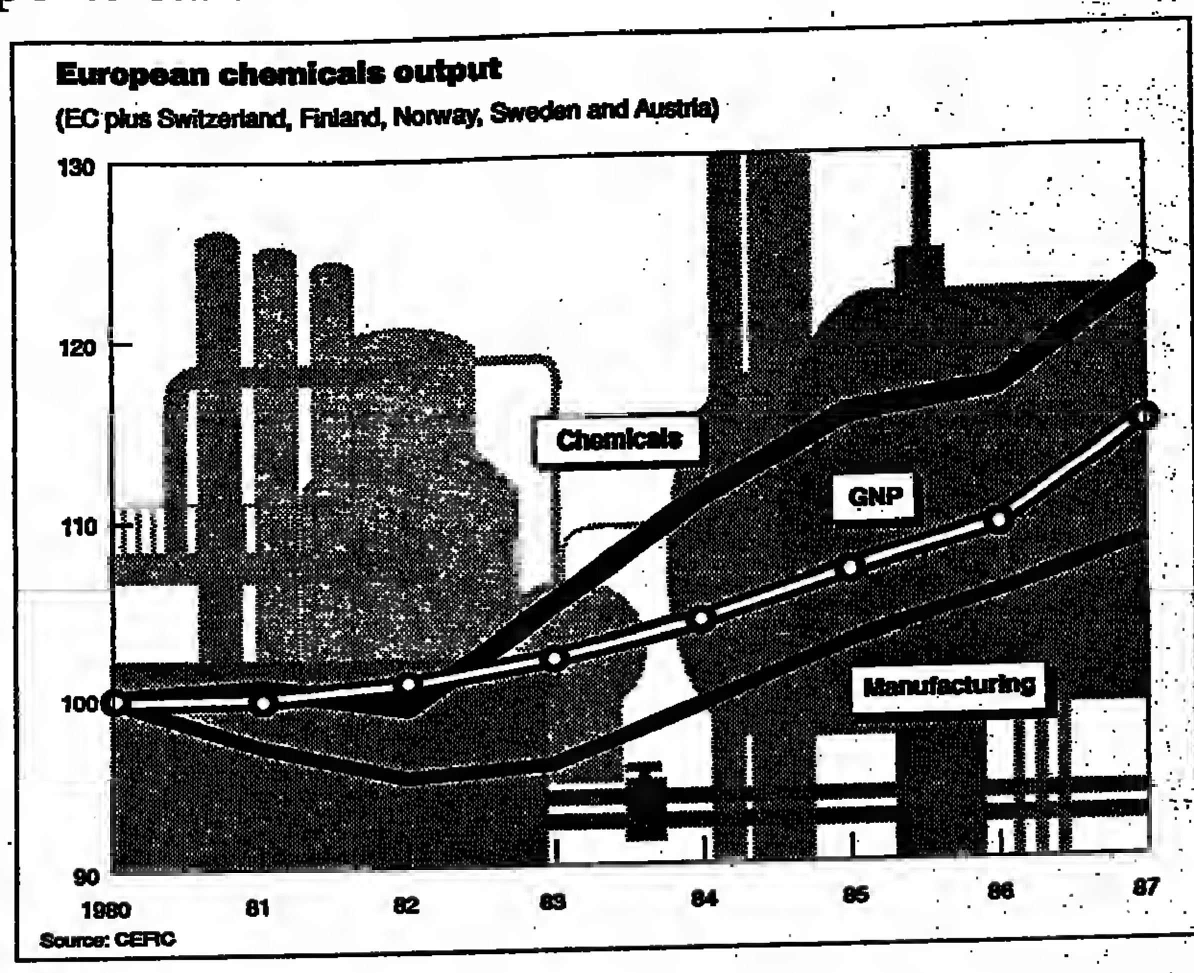
In the wake of the Barlow Clowes collapse there will be concern that the £100m ceiling for compensation within one year could prove inadequate. The counter argument is that tighter regulation should have made such a collapse impossible and that in any event the offshore element of the losses would have fallen outside the scope of the proposed scheme. Certainly the scheme appears to be designed to cope with the failure of relatively small intermediaries rather than the collapse of major funds.

A danger is that the scheme could lead to abuse. A transatlantic example is the over-comprehensive deposit protectiou scheme of the US savings and loan institutions, which has encouraged the growth and subsequent collapse of unstahle operations, the depositors in which are protected from commercial risk. In terms of the UK's new ICS the equivalent prohlem could be that investors might be lured into putting up to £30,000 (the limit for 100 per cent protection) into dubious promotions involving various "guarantees" in the knowledge that they could not lose.

This could be prevented by effective regulation of investment firms and by the provision that the scheme will not pay out benefits which are "disproportionate to the benefits which might reasonably have been paysble." There is also the point that if claims in a particular year are large the scheme manager has discretion to delay and reduce them. But sncb discretion could prove dangerous if investors feel they are being cheated out of proper protection through the operation of small print clauses.

Discretionary powers for the scheme manager and security for investors do not go together. The need to keep the cost down has clearly been an important factor here, and the scheme therefore fails to match up to the fundamental condition that all valid claims should be paid in full. With experience, however, it is possible that at least part of the failure risk will become insurable. In this case not only will the burden of the cost of cover be spread more fairly between the sound and the more speculative firms, but it will be possible to pay out more in a single scheme year.

Peter Marsh reports on the health of the European chemicals industry



A good recovery, but doubts remain

Western Europe's chemicals business, written off as a decaying sunset industry at the beginning of the 1980s, has experienced a startling change in fortune.

From a position eight years ago in the depths of recession, the industry has made a strong recovery. A key influence has been a shift in product strategy away from low-margin bulk materials like standard plastics and fibres and towards higher-value items such as drugs, engineering composites and coatings for electronic components.

At tbe same time, the $300bn (£179.7bn) a year indnstry has increased the efficiency of its traditional hulk cbemicals operations, mainly by shutting outdated plants and improving manufacturing techniques.

A further restructuring move is expected to take place by the end of the week when Enichem and Montedison, Italy's two biggest chemicals companies, are due to reach agreement on merging their hulk-chemicals interests.

One result has been a return to the level of profits the business recorded during its last hoom period a decade ago. "There is a hell of a lot of cash coming out of the industry," says Mr David Glass, an analyst at Chem Systems, a London-based consultancy.

The business is, however, to some degree scarred by its past. Many executives have unhappy memories of the early 1970s when, huoyed up by optimistic demand forecasts, the industry invested heavily in new manufacturing facilities, only to see growth fizzle out as the down-turn hit home.

As a consequence there is a deep-seated reluctance to invest in fields away from specialist chemicals, although there has also been a steady stream of cash going into improvements for the existing commodity-product plants.

Western Europe's chemicals sector is important not just because of its scale – it is the continent's third biggest industry, after mechanical engineering and cars – hut because it contains an unusually large number of big companies. The continent contains five of the world's seven biggest-selling chemicals concerns – Hoechst, BASF and Bayer of Germany, Britain's Imperial Chemical Industries and Ciba-Geigy of Switzerland. (The other members of the big seven are Du Pont and Dow Chemical of the US). The industry is strongly linked to the overall fortunes of manufacturing. Other prodnction industries, such as building materials, consumer goods and vehicles, huy roughly half the sector's output.

According to CEFIC, a Brussels-based trade body for the European cbemicals industry, tha sector has done better than most areas of European manufacturing in recovering from the recession in the early 1980s. Since then output in chemicals has increased by a fifth, compared with just 8 per cent for manufacturing as a wbole.

The bare figures hide how the nature of the industry has changed, with many companies accenting "performance" chemicals for specialist uses as opposed to the standard commodity products. Justification for the switch has been partly that the newer items command higher prices and are more profitable. A specialist engineering plastic, for a car part such as a seat-belt fitting, may well sell for $4 a kilo, three times as much as a commodity plastic like polyethylene for a standard packaging application.

Another theory in the industry is that the higher value items add up to intrinsically better bnsinesses because they are less susceptible to sudden declines in demand as a result of downturns in the economic cycle. Pharmaceuticals, according to this belief, are especially good products to focus on, bearing in mind that people's demand for medicines is more likely to go up, rather than down, during difficult times.

ICI is very much in tune with the general thinking. It says that about half its output, compared with 35 per cent eight years ago, is accounted for by what it calls "effect" chemicals such as pharmaceuticals, agrochemicals, engineering coatings and specialist plastics for applications like cars and aerospace.

Not only the product portfolio but the investment profile of the chemicals business has changed, with companies likely to spend less money on big naw plants and more on research and development for new products and on production engineering.

Fifteen years ago Bayer spent twice as much a year on plant investment as on R&D; today the figures are roughly equal. More than half tha group's $1.3bn annual research spending is now focused on the high-margin areas of healthcare and agrochemicals, up from only a quarter at the beginning of the 1970s.

The trend towards higher-valne chemicals is altering companies' approach to factory angineering, according to Mr Peter Kitchen, a chemicals expert in the European office of BBN, a Massachusetts-based automation specialist. Mr Kitchen says the European chemicals sector is becoming increasingly preoccupied with smaller plants making relatively small volumes of precisely tailored products, whose characteristics may have to be changed quickly according to customer taste.

To some degree, this is mirroring changes in other areas of manufacturing, electronics and factory goods for instance, where the trend is towards production lines which can be rapidly reprogrammed.

Many companies now accent performance chemicals for specialist uses rather than standard commodity products

As a result of these changes, the chemicals industry is spending large sums on instrumentation and new computer techniques to control its new generations of highly flexible plants. Mr Robin Roberts, who works at Oasis, a London-based technology consultancy, predicts "an explosion" in the use of information technology in chemicals plants over the next few years.

Baron Daniel Janssen, chairman of Solvay, the big Belgian chemicals company, points out that, even in areas of chemicals considered to be commodity items, the industry has switched towards more specialised products. He says his company sells 52 types of polyvinyl chloride, a relatively high-volume plastic, for a variety of uses from window frames to ketchup bottles. Baron Janssen dislikes the trend in the industry towards categorising in an over-specific way "bulk" and "specialist" products. "What is important is whether the product is good, the market growing and the margins high."

Similar sentiments are behind the stress other companies are laying on marketing efforts to increase awareness among customers of products to solve particular problems. The chemicals industry is becoming more like a service business in its efforts to aim technology at specific applications that require a lot of interaction with customers.

Big polyurethane suppliers like ICI and Bayer are increasingly working with a range of chemicals which are mixed under a variety of conditions, depending on the exact application, to form the final product. In a similar move, BASF is supplying both chemicals and engineering expertise in its sales involving the printing industry. The phrase "turnkey systems," previously associated only with engineering, has become an accepted part of chemicals sales talk.

Another sign of this aiming of products at specific sections of the market is evident at Hoechst, which for several years has been moving towards higher-value applications in areas such as fibres and plastics. The company has split its divisions which deal with these products into about 10 separate units to provide a greater degree of autonomy for the people selling specific types of material in niche areas.

BASF, meanwhile, is pursuing a similar strategy by putting more effort into research and marketing in areas such as automotive coatings and intermediate chemicals for drugs and perfumes. Akzo, the big Dutch company, is focusing attention on drugs and specialist fibres for industrial applications while Ciba-Geigy is making a push in electronic chemicals such as photoresists.

Despite the generally healthy state of the industry, many chemicals managers are being extremely cautious about plans for new plant building. In particular, "companies are not rushing in to build heaps of (ethylene) crackers" and other facilities aimed at the commodity side of the industry, says Mr Tom Hutchison, director with responsibility for Europe at ICI.

There has also been a tendency for the European chemical majors to spread more of their investment worldwide, with ICI and the three big German companies, in particular, increasing heavily their activities in the US, especially through acquisitions.

As for the future, the industry is nervous about predicting much in the way of growth, certainly as far as commodity products are concerned. This mood is conveyed when executives move on from discussing the restructuring which has already greatly rednced capacities in bulk plastics and fibres to talk about what might be in store.

There is still a need, says Mr Ray Knowland, chief executive of the chemicals division of BP, the UK oil giant, for yet more slimming down of the European industry in areas like commodity forms of polyethylene. Mr Knowland reckons the number of European producers of this material, cut from 30 to 15 over the past decade, should be brought below 10. This is necessary, he says, to reduce costs still more to preserve a competitive edge against the Far East and the developing world.

A similar jarring note is struck by Mr Jim Gordon, who is in charge of co-ordinating non-US chemicals operations at Royal Dutch/Shell. He points out that the West European chemical industry greatly depends on exports. About a sixth of the output of the business is sold to countries outside Western Europe. That compares with export figures of 9 per cent for the Japanese industry and 8 per cent for the US. Any surge in plant building in the non-industrialised countries could, by reducing those nations' chemicals imports, hit the European business hard.

Mr Mike Hyde, a veteran chemicals analyst who is editor of Chemical Insight, a trade newsletter, says: "If you ask me, the industry is sensible in being cautious."

But the air of hesitancy in the European industry has its critics, one of whom is Mr Jack DeWitt, a leading US chemicals consultant. He says many European companies are failing to appreciate the growth potential in the world economy, especially as it concerns commodity materials. "I am a bit worried about the decision-making process in Europe," says Mr DeWitt, adding that many US and Japanese chemicals companies are in a far more bullish frame of mind.

"It's all very well talking about the specialities side of the business (as opposed to bulk products) but it's harder to succeed in this area. In specialities you have to swing at a lot of pitches before you hit a home run while on the commodity side you can succeed through volume."

This kind of talk, however, does not much impress European chemicals executives, who argue that they are merely being prudent and trying to learn from the past. Some say that the industry may soon have to live with reduced growth rates, below even the fairly modest levels of recent years, and that some kind of minor recession in 1989 could be on the way.

OBSERVER

Great, good and left

■ A decade in the sober atmosphere of the enterprise society has had a remarkable effect on the Great and the Good (left-of-centre hranch). Yesterday's launch of the new Institute for Policy Research was stage-managed by the Broad Street PR group. It had its hotel venue, media packs, miniature TV-stage-plus-lighting as well organised as (say) a modest privatisation issue.

A small flaw was that Broad Street addressed its letter of invitation to a colleague of mine, a father of four, as "Dear Ms". Yet such niceties of gender do not bother the beautiful and robust "Chair" (as the PR folk put it) of the new institute, Baroness Blackstone. She referred to herself as Master of Birkbeck College and Chairman of the board of trustees. One other lady who might do that is Margaret Thatcher.

Cambridge pink is well represented on the board: the Provost of King's, Professor Patrick Bateson, Dr John Eatwell, Director of Studies in Economics at Trinity, and Professor Emma Rothschild, now returned to Kings' from 10 years at MIT are all there. There are three sensible trade union men: Tony Christopher, General Secretary of the Inland Revenue Staff Federation; John Edmonds, General Secretary of the GMB; and Tom Sawyer of NUPE.

Do not overlook Kate Mortimer, former star of the Downing Street think-tank, ex-Rothschild, ex-SIB and now chief executive of Walker Books. She is a lady with whom only experts should play poker. Also appearing are Jeremy Isaacs, for whom the Royal Opera House cannot be a full-time job; Philip Hughes, Chairman of Logica, Herman Ouseley, chief executive of ILEA; and Professor Bhikhu Parekh, of the University of Hull.

The full flavour comes out in the International Advisory Panel. It includes Willy Brandt and Professor J K Galbraith, two old lags of the pre-Thatcherite world, plus Professor Sukhamoy Chakravarty, wbo chairs India's Council of Economic Advisers.

They have collected about £1m, which they say will cover overheads for five years, and are looking for a Director at £30,000 a year. She or he must be brilliant and committed to progressive ideas.

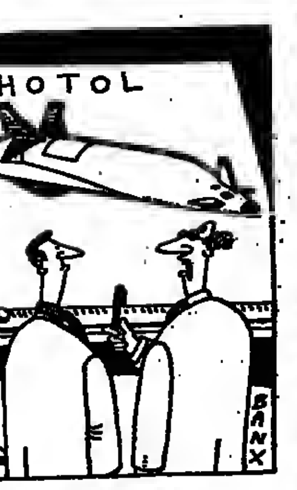
High noon

■ The huge clock on the top of St Paul's Cathedral stopped at noon yesterday. For a while it seemed that it was in response to the demonstration going on outside in favour of the ordination of women. But there was no such divine intervention. It is for repair work. The only person who might have been able to tell us when it last stopped and when it might start again had gone to a Garden Party at Buckingham Palace.

One up on BT

■ Mercury launches its payphone cards at Waterloo station this morning. This time the company claims to have stolen a real march on British Telecom. Unlike the BT cards, Mercury's will have a pretty picture on the back.

The aim is that, like the old cigarette cards, they will become a collectors' item. The idea is sufficiently attractive for Maurice Rickards, the founder of the Ephemera Society, to have reserved a place for them in the Encyclopaedia of Ephemera which he is preparing. First pictures will be of tha boxes at Waterloo, the next probably of famous railway stations. "At least," said a Mercury spokesman, "they won't be thrown away all over the place like the BT ones."



"Perhaps Peter de Savary could fund it for the Americas Cup."

French change

■ Jean Peyrelevade made his come back on the French politico-economic scene yesterday when the Socialist government appointed him chairman of UAP, France's biggest insurance company.

As a key adviser to Pierre Mauroy, the former Socialist Prime Minister, he was one of the architects of the left's nationalisation programme in the early days of President Mitterrand. The right did not forgive him for it, even though he successfully restructured Suez and increasingly adopted free market ideas.

After leaving Suez, Peyrelevade, who always wears a little V neck sweater under his suit, became chairman of Banque Stern, a small investment bank recently bought by Swiss Bank Corporation. Yet he remained a star of the left-wing establishment and beat even Bernard Attali, twin brother of Jacques – one of Mitterrand's closest advisers, for the UAP job.

He succeeds Jean Dromer, a former head of the French banking association whose links with the Gaullist party cost him his position as chairman of UAP. Dromer has been offered a consolation prize as ambassador in a big French embassy in Europe. That looks like Rome or London.

Felixstowe 2

■ Peter de Savary, the financier and would-be America's Cup yachtsman, had a secret weapon yesterday at the launch of plans by his Highland Participants group to build a port on the Medway to rival Felixstowe, the UK's biggest container handler. Seven of Highland's senior managers learnt their trade at Felixstowe when it was controlled by European Ferries.

The refugees are headed by Geoffrey Parker, former chairman of EuroFerries, who is credited with the successful transformation of Felixstowe from rural backwater to market leader. To add insult to injury, Parker says he spotted the potential of Highland's site on the Isle of Grain while running Felixstowe.

New English

■ This must be the ultimate accolade to Thatcherism. A colleague was walking along the Avenue Georges V in Paris and accosted by a young man who said in a pronounced German accent: "Are you English?" (Note: not "Are you American?") Our colleague said "yes" and was asked if he could spare 20 francs - about 10 times the going rate for mendicants in the Champs Elysées area. The answer was "no" and the German was asked if he could spare anything himself. "But you're English, aren't you?" said the German.

Francis Ghilès, recently in Tunisia, on a mood of change in the country

Breaking the mould in North Africa

One stereotype of the Middle East suggests that democracy and Arabs are incompatible. But, eight months after taking over from Mr Habib Bourguiba as Tunisian head of state, it does not look as if Mr Zine El Abidine Ben Ali fits the mould.

This was underlined yesterday when Mr Ben Ali sacked seven ministers from the old regime in a dramatic government reshuffle. The move came just days before the opening on Friday of a special congress of the ruling Rassemblement Constitutionel Democratique (RCD) party which he wants to endorse a series of bold steps towards political and economic reform.

The following are some of the changes Mr Ben Ali has presided over:

- Thousands of political and secular prisoners have been released from jail and, earlier this month, Tunisia became the first Arab country to ratify the convention against torture which was adopted by the United Nations General Assembly in 1984.
- The state security court has been abolished and the right of the police to detain suspects before presenting them to a prosecuting magistrate has been reduced to four days.
- Many prominent Tunisian political exiles have returned home, including Mr Ahmed Ben Salah who was his country's economic overlord in the 1960s when the country went through a disastrous experiment in "socialist" planning.
- Mr Rashid Ghannoushi, who leads the largest radical Islamic party – the Mouvemeot de la Tendence Islamique – and who was jaile for life last September, has been pardoned.

Mr Ben Ali's revolution will face its first major political test at the party congress. The RCD, which until last year was called the Socialist Destour Party, has held a monopoly of power since independence in 1956. It remains to be seen whether the mood of reform will permeate the inner recesses of the party.

In the streets, to be sure, there is a palpable relaxation. Although dozens of Islamic activists were arrested last November, the violent confrontations between them and the police which had become daily occurrences last year have fizzled out. Symbols of Islam such as the five daily prayers are now broadcast on television and the old Zitouna Islamic university has been revived.

What is more, all this is occurring without detriment to the secular state built by Mr Bourguiba. None of the major social reforms implemented by the former head of state, such as the banning of polygamy, have been rescinded. Many social and political issues are today discussed more freely in the press than at any time in the past two decades, though the state controlled television sings the praise of the head of state as it has done for 30 years.

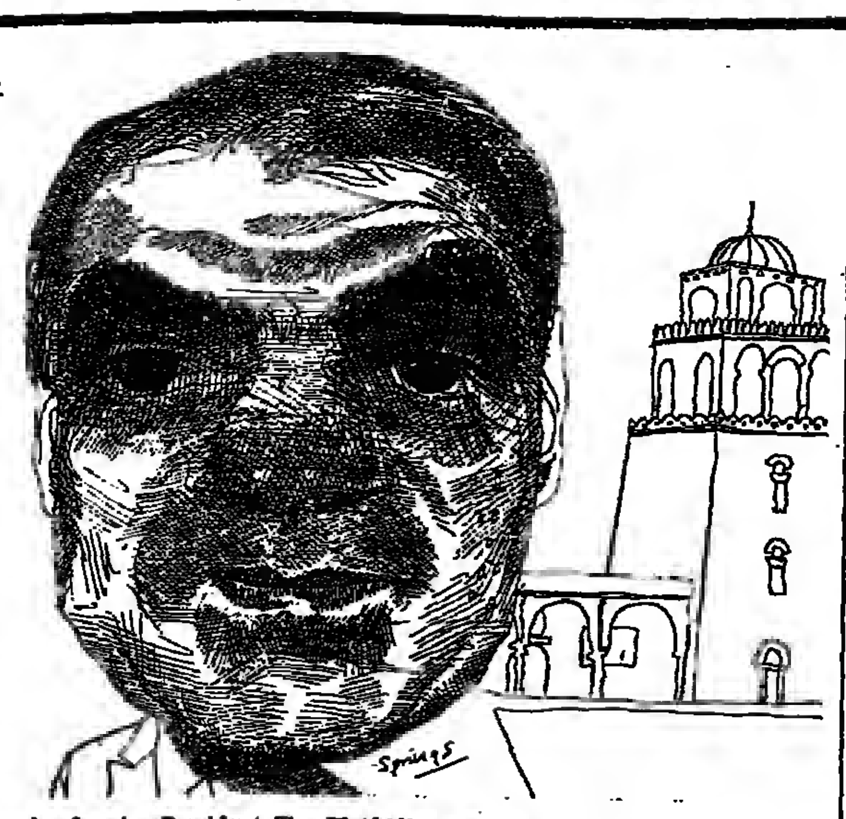
The President is meanwhile pressing ahead with policies aimed at liberalising Tunisia's economy and foreign trade, which were launched in 1986, despite the worst drought and plague of locusts in 30 years. The improvement in Tunisia's current account and balance of payments last year was such that the current account deficit fell from 8 per cent to 1.4 per cent of gross domestic product. This achievement must be set against the goal of the structural adjustment plan agreed with the IMF two years ago which aimed to reduce the deficit to 3 per cent by 1991.

Favonrable weather conditions, strong textile and fish exports and a sharp increase in receipts from tourism and transfers from Tunisian workers abroad contributed to the improvement. Tunisia's central bank now holds reserves of nearly $500m, one of the highest figures in 30 years. This has made much easier the recent conclusion of an Extended Fund Facility from the IMF.

Many social and political issues are being discussed more freely in the press than at any time in the past two decades

The liberalisation of interest rates 18 months ago led to the emergence of a real money market and Tunisian banks are today awash with liquidity. A recent decision to allow those businessmen who export more than 10 per cent of their production to keep 20 per cent of their foreign earnings in order to import spare parts or raw materials is encouraging industrialists to focus their efforts abroad and away from a relatively depressed domestic market.

Investment fell by 12.9 per cent last year, with gross capital formation declining from 30 per cent of GDP in 1985 to 21 per cent in 1987. That is a far healthier figure and marks a shift away from the type of prestige projects launched in the early 1980s. Greater attention is being paid to the farming sector where a number of badly run state farms are being rented out or sold.



A reforming President: Zine El Abidine Ben Ali

Backed by a strong popular consensus, President Ben Ali is not given, as many of his Middle Eastern peers are, to verbose declarations. As befits a former army officer and internal security chief, he is a good listener. Some ministers, who became lazy in the latter Bourguiba years, are finding tha work sessions held daily in tha presidential palace at Carthage very trying indeed.

Tunisia's second president does not seem to suffer from his predecessor's delusion that he is Allah's gift to his people. He is very much the *primus inter pares* of a team which includes the politically wily Mr Hedi Baccouche as Prime Minister, Mr Habib Ammar, Minister of the Interior, the Governor of the Central Bank, Mr Ismail Khelil, and, since yesterday, Professor Saadaddine Zmerli, the new Health minister, who has been an active campaigner for human rights.

These senior advisers are well aware that the political institutions of North Africa's smallest country hava over the past decade been outdistanced by the economic and social changes brought about by mass education, the emancipation of women and steady economic growth. A new generation is waiting in the wings, intent on reinvigorating Tunisian political and economic life.

The question is whether this week's party congress will take up Mr Ben Ali'a political challenge. Rejuvenating what in many towns was little more than a collection of "rais chaaba" – local chieftains more intent on holding sway over ordinary citizens than animating any kind of political debate – presents a formidable task.

The existence of other parties such as the Mouvement des Democrates Socialistes should act as a spur to reform. But what the head of state has most to fear is the passive resistance of all those in the civil service and para-statal companies who beoefit from a status qno which has made the middle classes and the coastal region fat, at the expense of poorer inland regions and the many who live in the shanty towns which surround the capital.

Mr Ben Ali has shown he can be bold by pushing through a major constitutional reform which bans a Tunisian president from being elected for life. He has not ruled ont calling elections before they are due in 1991.

But he will have to go much further. The Tunisian diplomatic corps has over the past decade lost much of its reputation because so many ambassadors owed their appointments to currying favour with Mr Bourguiba. The Agence de Promotion des Invastissements (API), set up 14 years ago to attract foreign investments, has in recent years degenerated into a bloated and often incompetent bureaucracy.

Despite these obstacles, yesterday's reshuffle confirms Mr Ben Ali's determination to see through tha reform programme he has set in motion. Almost certainly the majority of Tunisia's 7.5m people and most of the country's neighbours in the Maghreb and across the Mediterranean wish him well.

This is certainly true of France, the old colonial power, where the initial reaction to Mr Ben Ali's accession was less than enthusiastic. That is maybe less surprising that it would at first appear. As one senior Tunisian put it: "It was the first time in one hundred years that Paris had not been warned in advance".

Britain's industrial strategy

Time to get beyond the public v private debate

By Alan Tuffin

AS THE next phase of Labour's Policy Review gets under way, it is time to clear the decks of much of the baggage the party has carried around for decades.

It is also necessary to re-cast the terms of debate about Britain's economic future which has the Conservative Party obsessively identified with tha private sector and Labour preoccupied with defending the public sector.

Thus, the Government will not permit any enterprise in the public sector to expand into new areas, even when – as is the case with the Post Office Counters business – its future viability is at risk without such expansion. By contrast Labour has tended to present virtually its whole economic programme in terms of how it will re-acquire a list of privatised companies.

A different starting point is needed. Whether an enterprise is under private or public ownership should be secondary to the wider needs of the British economy. Specifically, Labour and the trade unions must stop considering public ownership as an end in itself: it is a possible means towards achieving broader economic objectives of growth and prosperity.

This differs sharply from many on the left who view the public sector as "ours": a socialist island of economic activity to be expanded and protected from incursions of the private sector. The "public sector as socialist territory" approach is a dead-end. The strategy this approach implies – of aiming to increase control of production through public ownership, like a guerrilla battle where more and more parts of the productive economy come into "our" hands – is economically simplistic and highly problematic.

Even the most aggressive programme of nationalisation advanced by Labour in recent years would leave the bulk of productive capital in private hands, while the electoral consequences of trying to reinstate such a programme would be suicidal.

The intellectual poverty of much economic debate on the left is striking. Often it amounts to no more than an impractical series of slogans.

Some sharp questions need posing about public ownership: What precise difference would it make to nationalise a top company? How would its product range change? How would its contribution to national economic objectives alter? What relevance does public ownership have to foreign-owned multi-nationals which can simply close their UK operations? How feasible is it to nationalise banking and financial institutions which are locked into an increasingly internationalised financial system? What additional constraints will result from the 1992 economic integration of Europe? Where there is a strong case for public ownership – notably for public utilities – then it is vital to build in new consumer and worker rights.

Where reacquisition of privatised companies is necessary, Labour's past policy of compensation on a basis of "no speculative gain" will need to be changed: shareholders will have to be given a fair deal. However, reacquisition is unlikely to be a priority for an incoming Labour government with much more pressing claims on resources and parliamentary time.

But this does not imply an arm's length role for government, still less a night watchman state. A new approach must start from shared commitment between government, industry and the unions to competitive manufacturing industry. In Sweden, for example, considerable consensus has been established between capital and labour, securing high living standards, growth and the continuous restructuring necessary for a successful economy. Significantly, the Swedish unions have willingly surrendered some of their free collective bargaining autonomy in return for an influential role which has achieved much better results for their members than Britain's unions.

New linkages are necessary between government, banks and the major industrial firms that now dominate Britain's economy. The Department of Industry must be reorganised along the lines of Japan's powerful Ministry of International Trade (MITI). The Japanese record of government-sponsored investment and long-term planning makes a mockery of British short-termism.

In addition to tried and tested incentives for influencing the level and direction of investment – such as depreciation and other tax allowances – the British government has little-used powers through the Bank of England to influence banking practices in favour of the type of long term, high risk investment in strategic areas that holds the key to industrial success. A new government-owned investment bank similar to those in other countries will also be important.

Government purchasing and contracting policy should be used actively to sponsor the development of leading edge companies in each sector of the economy and influence their direction.

There should be an important role for joint ventures through a British Enterprise Board (BEB)which takes minority or majority equity stakes in existing and newly created companies. Instead of concentrating on baling out "lame ducks", the BEB would act as spur to innovation and a tool for strategic investment.

The experience of municipal enterprise boards shows how public bodies can plug the long-standing gap in regional banking in Britain by making medium-term investment funds available on good terms to local firms with growth potential.

Much greater public investment in re-skilling and training is also vital if Britain is to survive and prosper in the highly competitive international arena. Consumption-led Thatcherism has brought instant gratification and electoral success. But it has failed to equip Britain for the 1990s: the underlying economy remains weak.

The enormous skill and investment gaps in the economy will not be filled by the whims of market forces. An active programme of government intervention and industrial restructuring is required. If Labour and the TUC concentrate on fleshing out the detail of such a programme, it could prove a winner.

The author is General Secretary of the Union of Communication Workers. His new pamphlet, Beyond Social Ownership, £1 inc. p&p can be obtained from UCW, Crescent Lane, London SW4

LETTERS

Even-handed approach to Iran-Iraq negotiations

From Mr A.J. Issa.

Sir, Your leading article "The Message for Baghdad" (July 22) itself lacks the "genuinely even-handed approach" it advocates in dealing with Iraq and Iran.

To begin with, it somewhat pre-judges the issue when it says that Iraq has every reason to try to stave off the appointment of an inquiry on the origins of the war.

Iraq has nothing to fear on this count. The first violations of its air space in 1980 were scrupulously documented in letters sent to the United Nations. Iran initiated border attacks and committed acts of sabotage and provocation.

In the present situation at the United Nations, Iraq wishes to be sure that Iran's intentions are serious. "If the Iranian side refuses to hold talks with Iraq, with whom does it want to make peace?" asked a senior Iraqi official (July 22).

Iran, by refusing to accept direct negotiations, is taking refuge again in technicalities. Can you blame the Iraqis for a reaction of "utter scepticism"?

A.J. Issa,
Embassy of the Republic of Iraq,
177 Tottenham Court Rd, W1

The Institute of Economic Affairs

From Mr Oliver Smedley.

Sir, In "Preaching in the Market Place" (July 18) John Lloyd perpetuates an historical myth in stating that it was Ralph Harris and Arthur Seldon who persuaded Anthony Fisher to put up money for the Institute of Economic Affairs. The truth is that on his return from America in 1955 Anthony Fisher was sent to me by my old friend S.W. Alexander so that I might help him set up in England a similar body to the Foundation for Economic Education which he had visited in the US.

He explained to me that he had neither time nor money available for the project, and left it to me to find the starting capital and set it up. The original trust deed, dated November 9 1955, was between Anthony Fisher, J.S. Harding (who in fact put up the whole of the initial capital of £1,000), and myself. I was entirely responsible for the formation of the Institute, which was run from my little office in Austin Friars in the City of London for several years. In the time that I was running the Institute I do not remember that Anthony Fisher ever put any money into it all.

When Arthur Seldon later joined the Institute I was somewhat relieved, as he had been an enthusiastic member of the Free Trade League and I hoped that he might help to educate Ralph Harris in what free trade meant. Alas, failure to understand the doctrine of free trade and sound money has landed us today in a protectionist Zollverein from which we will now have to make a stupendous effort of political will to escape.

Oliver Smedley,
Free Trade Liberal Party,
Garden Cottage,
Duck Street, Wendens Ambo,
Saffron Walden, Essex

Stock Exchange has tough rules

From Sir Nicholas Goodison.

Sir, In the Lex Column (July 26) it is implied that the London Exchange foond itself operating "more or less without benefit of rulebook" for months after Big Bang.

This is untrue. The Stock Exchange's tough rules on capital, financial surveillance and conduct of business were all in place.

Nicholas Goodison,
The Stock Exchange, EC2

Designed for reading

From Mr Chris Jones.

Sir, The FT looks as though it has been redesigned, but I am sure it is an optical illusion.

If you had re-designed it you would have published lengthy features on why yon were doing it, how you were doing it and when you were doing it, plus a big picture of the designer.

Chris Jones,
20 Wilberforce Road,
Sandgate,
Folkestone, Kent

'Short term stability combined with long term flexibility'

From Mr Dane Clouston.

Sir, Thank heavens for Samuel Brittan (July 7). The crawling peg is dead; long live the moving band.

I have proposed in the past, and now propose again, a market-led moving band. Under this system the Government announces both the spread of the band and the market's maximum annual rate of change (Marc). The band moves every day by 1/365th of the Marc, up or down. The direction of the daily change is market-led, according to whether the market rate is above or below the mid point of the moving band.

Samuel Brittan says that there would have to be a limit to the frequency of realignment. Under the market-led moving band, a small realignment takes place every day. What the Government controls is the maximum annual realignment. The limit would be on the frequency of changes in the Marc.

Suppose, today, the announced Marc was 5 per cent, so that the mid point of the band could move in a year from DM 3.10 to DM 2.9450. The daily equivalent of this DM 0.1550 movement is DM 0.0004. If the market rate were bumping along the floor of the moving band, the daily rate of change of the band would be downward by DM 0.0004.

A crisis occurs. Interest rates are raised to protect the pound. The Government announces a higher Marc of 10 per cent. The daily change in the moving band increases to DM 0.0008. If overnight money market interest rate differentials between the pound and the D-Mark are increased to 10 per cent – perfectly normal in a crisis – no one will make money from the DM 0.0008 movement of the band, so intervention by the Bank of England will be effective.

There will be no more profitable one way bets against the authorities. The Marc can be changed, but the market-led moving band remains. Speculators will still make or lose money by markat movement within the band, but that puts no pressure on the system.

The band will continue to move downwards by DM 0.0008 a day until the market rate crosses the descending mid point of the band, at which point the band starts moving up by DM 0.0008 a day, so long as the market rate is above the mid point.

Long before this, after the pound had picked itself up off the floor, the Government could have announced a reduction in the Marc back to 5 per cent so reducing daily movements in the band back to DM 0.0004. The market rate moves within the band. Market forces, subject to whatever intervention is decreed, determine whether the movement of the band, by the daily equivalent of the Marc, is upwards or downwards.

To those who would instead advocate a fixed exchange rate, I would ask them to couch their policy in terms of a Marc of 0 per cent. A market-led moving band could move us towards fixed exchange rates. It could also, if necessary, provide a managed move away from fixed exchange rates. What it does provide, in all these circumstances, is short term stability in combination with long term flexibility.

Dane Clouston,
Mallories,
Pound Lane,
Stanton St John,
Oxford.

FINANCIAL TIMES
Wednesday July 27 1988

UK investor compensation scheme angers banks

By Clive Wolman in London

DETAILS of Britain's first comprehensive investor compensation scheme were published yesterday by the Securities and Investments Board, chief regulator of the City of London, and provoked a hostile response from the banks and large securities firms.

The scheme will cost all investment firms on average 1 per cent of their gross revenues in a year in which the maximum of £100m ($172m) of compensation is paid, Mr David Walker, the SIB chairman, estimated.

The SIB has rejected nearly all the suggestions made over the past three months both by the City of London and by consumer bodies in response to its original proposals, except that it has reduced the potential liability of the members of one self-regulating organisation (SRO) to rescue members of another. In particular:

● There will be no protection against the consequences of negligent investment advice given before the scheme comes into operation on August 27.

● Customers of the 2,000 or so firms which remain with only interim authorisation from an SRO by August 27 will have no protection.

● The maximum contributions that each SRO will have to make to the scheme will be proportionate to the gross trading revenue of their members rather than to their capital backing, even though capital provides a better indicator of the riskiness of their business. SROs however will probably be allowed to allocate costs between their members on a different basis.

● The maximum payment to an individual as a result of default by an investment firm has been limited to £48,000.

● A review of the entire operation of the scheme will be carried out after 18 months. It may then prove possible to offer insurance arrangements as a partial alternative to the protection provided by the scheme, Mr Walker said.

The large clearing banks complained yesterday that the scheme would require them to rescue investors in firms taking much greater risks and that the exemptions from the scheme granted to building societies and insurance companies would create "serious competitive distortions".

"They (the exemptions) are a most unfortunate departure from the concept of the level playing field," said Sir Jeremy Morse, chairman of Lloyds Bank.

Lord Boardman, chairman of National Westminster, said that it was wrong in principle for the strong and good to have to bail out the others. The Government had been asked to rewrite the rules so that contributions to the scheme would be related to the riskiness of a firm's business

Editorial comment, Page 16

Hun Sen to meet three resistance groups for first time since 1978

Sihanouk to meet leader of Kampuchea

By John Murray Brown in Jakarta

PRINCE Norodom Sihanouk, former leader of the tripartite coalition fighting the Vietnamese-backed regime in Phnom Penh, is to meet Mr Hun Sen, Prime Minister of Kampuchea, in an effort to achieve a breakthrough in talks aimed at ending the nine-year-long conflict.

Mr Ali Alatas, the Indonesian Foreign Minister, said yesterday after the second day of talks that the prince, together with the three resistance groups and Mr Hun Sen, would meet for what would be the first time since Vietnam invaded its neighbour in 1978.

Prince Sihanouk, who resigned two weeks ago as leader of the Peking-backed coalition, is seen by the four factions as well as the US and China, as the most credible figure to lead a new government in Kampuchea. However the talks still appear deadlocked over the central issues of how to dismantle the Phnom Penh government; and to prevent the return to power of the Khmer Rouge, the largest guerrilla force fighting Vietnam's occupation.

Mr Hun Sen on Monday proposed a "National Reconciliation Council" comprising the four factions and headed by Prince Sihanouk, to take the country to general elections following the complete withdrawal of Vietnam's 140,000 troops.

This was widely seen as a move to engage the coalition and particularly the prince into negotiations without first conceding the dissolution of the Phnom Penh regime – still one of the coalition's main demands.

Mr Nguyen Co Thach, Vietnam's Foreign Minister, said all groups, even Mr Khieu Samphan's Khmer Rouge, were opposed to the return to power of the Pol Pot clique.

Diplomats say Mr Samphan, who has attended none of the press briefings and issued no statement during the talks, would be likely to rebut Mr Thach's comments.

Pol Pot was responsible for the devastation of Kampuchea, killing perhaps as many as 2m people during the rule of the Khmer Rouge government between 1975 and 1978. Mr Thach also ruled out the future role of an international peace-keeping force to ensure any peace settlement, also one of Prince Sihanouk's main preconditions. Mr Thach called it an "international trouble-making force".

Anti-Vietnamese guerrilla leader Son Sann (left) meets Hun Sen, Kampuchean Prime Minister, in Phnom Penh yesterday

Brussels orders ENI to repay aid to units

By David Buchan in Brussels

ENI, the Italian state-owned holding company, was ordered yesterday by the European Commission to repay to the Italian Treasury the L260bn ($192.6m) with which it had covered operating losses of several of its Lanerossi subsidiary clothing companies.

The order for repayment of "illegally granted" state aid to Lanerossi is a further sign of Commission efforts to wipe out the distorting effects of state aid in the run-up to the single European market in 1992.

After the recent controversy over state aid to Rover, the UK car company, it showed that the Commission was acting "even-handedly between sectors and countries", a senior Brussels official said.

The Commission said it made the order, which gives Rome two months to comply or challenge it in court, because the state aid had never been tied to a restructuring plan for the loss-making Lanerossi companies and had adversely affected intra-EC trade.

Mr Colin Purvis, of the British Textile Confederation, reacted with "delight". Keeping failing Italian companies afloat with public money had reduced other EC company sales in that market.

In 1983 the Commission approved Ecu106m ($111.8m) aid for Lanerossi, but warned against any further aid. Between 1983 and 1987, however, Lanerossi's losses of Ecu184m were covered by capital injections from ENI.

At the end of this period, ENI pulled out of the clothing sector. A third of the Lanerossi workforce were given early retirement while the rest transferred to other activities under private ownership.

The Commission found the regional justification for state aid was outweighed by the lack of any attempt to restructure the clothing companies just as the EC textile sector was undergoing a difficult adjustment period.

At the same time, the Commission yesterday approved the Italian Government's request to give another ENI subsidiary, Lanerossi Vicenza, an Ecu1.8m interest rate subsidy, linked to capacity cuts.

THE LEX COLUMN

NatWest's costly way of growing

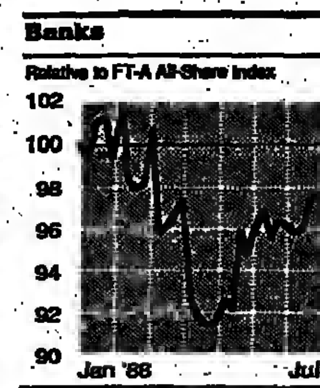
National Westminster Bank is justifiably proud of the fact that it is the only British bank which retains a Triple A credit rating; but unless some of the worrying trends in yesterday's first half results are quickly reversed, its days as Britain's premier banking group will be numbered. Its recent expensive US acquisition, combined with a hefty increase in its balance sheet, means that its equity capital ratios are now almost certainly the weakest of the Big Four clearing banks; and while there has been an undeniable improvement in credit quality, a 25 per cent rise in operating costs, at a time when inflation is running at around 5 per cent, suggests a certain laxity.

All of this would not be so bad if NatWest's profits were bounding ahead. However, if last year's sovereign debt provisions are stripped out, the group's pre-tax profits fell by 5 per cent in the latest period; and while the previous figures were boosted by a £50m release in general provisions and an extra £22m of gilt profits, the latest figures have been helped by special factors such as an unusually large contribution from 3i. In addition, declining interest rates have clearly contributed to a strong performance in the group's domestic mortgage lending, which is unlikely to be repeated in the second half.

Meanwhile, the decline in domestic net interest margins, combined with the strong domestic cost pressures, have more than offset the rapid balance sheet growth; and a £10m loss on the investment banking side is a further reminder of the long hard struggle necessary if NatWest is ever to earn a decent return on the £400m of capital it has tied up in this business. On present form, the group will be pressed to top £1.4bn for the full year; though the 15.6 per cent rise in the interim dividend might suggest that the management sees this year as an aberration.

Banks

Relative to FT-A All-Share Index



Investor compensation

It is in the nature of subsidies that while everyone hates to pay them, no one would be daft enough to turn one down. So it was scarcely surprising to find the banks spluttering about the inequities of the new Investors Compensation Scheme announced yesterday, nor to see FIMBRA making clear its delight: the former will almost certainly end up paying more than their fair share of the cost of failure in the financial services industry, while the latter will benefit from a compensation scheme which it would have had difficulty funding on its own. And the fact that the banks' main competitors – building societies and insurance companies – have been entirely exempted from contributions makes the thought of industry-wide solidarity even more distasteful for the bankers.

The Securities Association, for its part, is adopting a more philosophical approach: limiting cross-subsidies to its own SRO members would have been preferred, but that is a battle long lost. And the prospect of a review 18 months from now allows for hope that the gap can eventually be narrowed between those who pay and those who stand to benefit. On the face of it, it remains difficult to understand why a Eurobond issuer should bear any responsibility at all for the misfortunes of widows and orphans; but in the era of Barlow Clowes, the scheme is a small price to pay for the appearance of rectitude.

Raine/Ruberoid

If yesterday's market reaction is anything to go by, Raine's bid for Ruberoid is a done deal. Raine's price is off only 4 per cent despite the prospect of a deluge of paper, and Ruberoid is perched just a touch above the offer price to allow for the possibility of a counterbid. And indeed, Ruberoid has a tough case to argue; its veteran management has performed indifferently in a buoyant housing market, and is up against a new and entrepreneurial company which combines conglomerate-style sophistication with a particular specialisation in Ruberoid's markets of contracting and construction.

For the institutions, there must be some disappointment that Raine is knocking its share price on the head just as it was starting to recover from the crash. There is compensation, though, in the announcement of a near-90 per cent rise in last year's earnings per share, and in Raine's confident assertion that after disposal of the unwanted bits of Ruberoid, there will be no dilution in the current year. At 15 times prospective earnings, too, the price is not ungenerous for a sector which trades in single figures. Unless such as Redland or Trafalgar House decide to take a hand, it looks as if the game is up.

SmithKline

Exciting times continue at SmithKline, with yesterday's resignation of the head of US pharmaceuticals following the announcement of dreadful second quarter figures the day before. Comparison inevitably suggests itself with Glaxo; both firms propelled to fortune by almost identical ulcer drugs, both ploughing their immense cash flows into the search for new products to carry on the momentum. Given the gap in time between SmithKline's Tagamet and Glaxo's Zantac, the pessimist might say that the US company is where its UK rival will be five years on.

The optimistic rejoinder is that Glaxo's product gap is much the less severe of the two, and that SmithKline is in any case not in such bad shape as it looks. It has good new drugs for asthma and hypertension coming up in the early 1990s, plus a second-generation version of the heart attack treatment TPA. Its problems with Tagamet may well be temporary; the US trade has been stuffed with product in a naive display of marketing muscle, doubtless prompted by seeing Tagamet's share of the US ulcer market drop from 100 per cent to under 40 per cent in the space of five years. However severe the short term problems, Glaxo stands to gain; its US sales of Zantac in the past 12 months are up, yet again, by something like 40 per cent.

Growing fast to fit a tighter belt

David Barchard examines Turkey's conflicting economic priorities

A TURKISH newspaper headline, picking up the country's major economic policy theme this year, recently announced: "Another 12 years of belt-tightening before we catch up with Europe."

Belt-tightening has become Turkey's watchword as the country – with an annual per capita Gross National Product of around $1,200, well below that of even the poorest Mediterranean members of the European Community – seeks to make up for a pre-election spending spree by the Government in 1987.

"We are an inflation-ridden country," says Mr Suleyeman Demirel, leader of the opposition True Path Party. "People are fed up with a decade of belt-tightening and some leading industrialists are going bankrupt, forced out of business by the bank squeeze, while others say they are giving up."

However, if the Turkish economy is to grow sufficiently fast for full EC membership, Turkey may have to rethink its several-decades-old policy of tolerating high inflation to permit continued growth.

Last year Turkey's GNP grew by 7.4 per cent – but at a cost. The budget deficit was two-and-a-half times what had been planned and the overall public sector deficit was equivalent to about 9 per cent of GNP.

Inflation surged from 34 per cent in 1986 to 55 per cent at the end of last year. The price index is thought to be flattening out at around a 12-months level of more than 70 per cent.

"Inflation is not as high a priority as the balance of payments," says Dr Yusuf Bozkurt Ozal, the Minister of State who co-ordinates economic policy. "If we follow the current programme for one more year, inflation should come down to around 20 per cent."

Inflation does look like dipping, largely because of drastic measures taken last February by the central bank. Interest rates soared to around 65 per cent for depositors.

Monetary policy is now tighter than for many years. M1 (probably the easiest indicator of monetary growth in Turkey) grew by 5.7 per cent in the first five months of this year, compared with 89 per cent in 1987 as a whole.

There has also been a crackdown on public spending and it is hoped the overall public sector deficit will fall this year from about 9 per cent of GNP last year. "The target for the deficit was 6 per cent, but the actual out-turn will probably be slightly above it," says Dr Ali Tigrel, head of the State Planning Organisation.

Despite this, vast unfinished public works projects litter the countryside and will probably continue to claim government funds for the foreseeable future. In Ankara, for example, daily life has been disrupted for more than a year by earthworks in the main streets, launched by the city's Motherland Party mayor.

No one is quite sure what they are for, but if citizens reap the rewards in new municipal services by election time – local elections will probably be held this autumn – then the hope is that they will vote for the government party.

Turkey in 1988, as in earlier years, seems to have not one but two economic policies arising from conflicting priorities.

Externally, the country is keeping its trade and current account deficits under control and keeping its foreign creditors happy – not an easy task for a country with a foreign debt burden of $38.5bn on a GNP of about $60bn.

Exports rose last year to $10.3bn from $7.5bn in 1986 and the improvement is being maintained this year. January-April exports were 42 per cent up on the corresponding figure a year ago.

The opposition and press claim that these figures are partly inflated by fraudulent export claims to get tax rebates. But undoubtedly there has been a continuing improvement in the exporting ability of Turkish industrialists, helped by a depreciation of the Turkish lira by a few per cent each month.

At home, however, the emphasis in policy has been on heavy investment in public works and acceptance of a high public-sector deficit. Dr Yusuf Ozal says that Turkey's progress in electrical power, communications and transport in the last four years exceeds that of the previous 60 years.

"We have built 1,500km of motorway and doubled the number of telephones in the country since 1983," he says. "Of Turkey's 36,000 villages, all have electricity today."

Dr Ozal believes that Turkey has to follow high growth policies. With the population growing by about 2.5 per cent a year, he believes the economy has to grow rapidly to absorb the new additions to the workforce and to prevent social problems becoming unmanageable.

"If Turkey is aiming for Europe," says Dr Ozal, "then we have to solve things in the 1990s or we will end up as a rural partner of the EC's industrial nations."

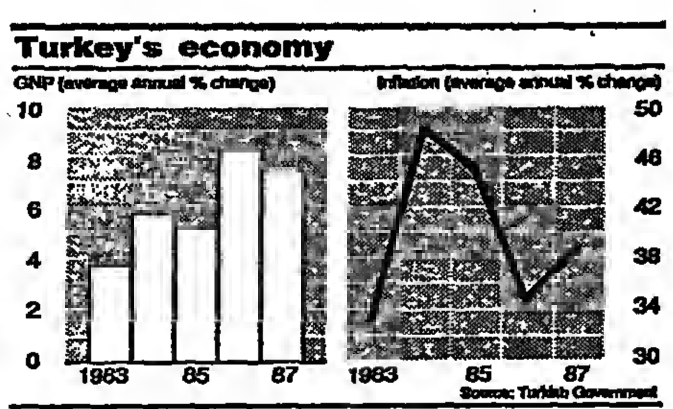
Earlier Turkish governments following this course drifted sooner or later into major balance of payments crises which usually proved fatal to their political survival. It is the proudest boast of Mr Turgut Ozal, the Prime Minister and architect of Turkey's economic revival in the 1980s, that he has been able to avoid this.

Some of the new generation of US-trained economists whom he has appointed to top jobs in the economy believe that giving priority to fiscal and monetary policy and keeping inflation down could make for sounder growth in the medium and long term and attract more than the present meagre annual inflows of foreign investment.

Mr Rusdu Saracoglu, the 39-year-old governor of the central bank appointed by Mr Ozal last year, is among the voices calling for change of tack.

However, even in this post-election year, public opinion and government in Turkey both still seem wedded to high growth with as little belt-tightening as possible, and inflation remains acceptable provided it stays below 40 per cent.

Turkey's economy



Source: Turkish Government

Move to control Azerbaijan row

Continued from Page 1

arrive in Stepanakert, capital of the disputed region, last night, where most of the population are reported to be back at work after more than two months of general strike.

The official news agency, Tass, reported last night that all factories, stores and transport organisations were back at work for the second day.

At the 17 largest factories, more than 4,700 out of 6,000 workers had returned yesterday, and more than 85 per cent today.

It quoted the local party leader, Mr Genrikh Pogosyan, as saying normal working would be fully restored in the next two or three days.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	30	86	Dubrovnik	S	36	97	Malta	S	36	97	Rhodes	S	29	84
Algiers	S	28	84	Edinburgh	F	15	59	Manchester	F	13	59	Rio de J'o	C	23	73
Amsterdam	C	21	70	Faro	S	28	82	Manila	C	32	90	Rome	F	38	100
Athens	F	36	97	Florence	S	36	97	Melbourne	C	13	54	Salzburg	S	28	82
Bahrain	C	38	100	Frankfurt	S	27	81	Mexico City	C	24	75	San Francisco	C	24	75
Bangkok	F	34	93	Funchal	S	23	73	Miami	R	30	86	Seoul	C	23	73
Barcelona	S	28	82	Geneva	S	28	82	Milan	S	31	88	Singapore	R	31	88
Beirut	F	31	88	Gibraltar	C	26	79	Montreal	R	20	68	Stockholm	F	23	74
Belfast	F	13	55	Glasgow	R	13	55	Moscow	F	25	77	Strasbourg	S	29	84
Belgrade	S	31	88	Guernsey	S	17	63	Munich	S	28	82	Sydney	S	17	63
Berlin	F	28	82	Helsinki	F	23	73	Nairobi	C	19	66	Taipei	C	35	95
Biarritz	F	22	72	H. Kong	F	32	90	Naples	S	37	99	Tangier	S	33	91
Bombay	R	28	82	Innsbruck	S	29	84	Nassau	C	33	91	Tel Aviv	S	31	88
Bordeaux	S	28	82	Inverness	F	15	59	New Delhi	C	35	95	Tenerife	S	27	81
Brussels	C	16	61	Islamabad	C	36	96	New York	C	32	90	Tokyo	C	24	75
Budapest	S	31	88	Istanbul	F	31	88	Nice	S	28	82	Toronto	C	28	82
B. Aires	C	13	55	Jakarta	C	33	91	Nicosia	F	39	102	Tunis	S	36	95
Cairo	F	36	97	Jersey	S	18	64	Oporto	S	22	72	Valencia	S	32	90
Cape Town	S	19	66	Jo'burg	F	20	68	Oslo	C	20	68	Venice	S	32	90
Caracas	C	26	79	Lima	C	16	61	Paris	R	25	77	Vienna	S	29	84
Casablanca	S	25	77	Lisbon	F	31	88	Peking	F	30	86	Warsaw	F	28	82
Chicago	C	30	86	London	F	21	70	Prague	S	26	79	Washington	C	24	75
Cologne	C	22	72	Los Angeles	F	36	97	Reykjavik	F	11	52	Zurich	S	26	79
Copenhagen	R	17	63	Luxembourg	F	24	75								
Corfu	S	32	90	Madrid	F	37	99								
Dallas	S	23	73	Majorca	S	33	91								
Dublin	C	17	63	Malaga	S	28	82								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Cocom dispute blocks Bonn exports

Continued from Page 1

change in CoCom rules which, from September, will lift a four-year embargo on sales of digital telephone exchanges to the Communist states.

The SEL order was first mooted in 1984, then put on ice. Despite the September rule changes, SEL has been told it cannot go ahead with delivery because of the amount of software and know-how involved in the deal.

At a meeting in Paris a few months ago the US urged that the export ban be extended in September for a further three years, but was voted down by West Germany and other European countries. Under the compromise agreement, the embargo will end in the autumn in principle.

But the technical specifications in the new arrangement will be sufficiently restrictive to rule out transfer of the most modern digital equipment.

The US attitude is causing irritation in the West German Government. In line with its overall policies of promoting improved East-West relations, Bonn wants to press ahead with plans agreed at the beginning of the year to streamline the CoCom lists.

The US, backed up to some extent by other governments, wants to proceed very carefully with liberalisation of CoCom rules on computers and electronics because of the central military importance of modern communications equipment.

CoCom's executive committee will meet in October to try to iron out the problems.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday July 27 1988

INSIDE

Jamaica refines its bauxite industry

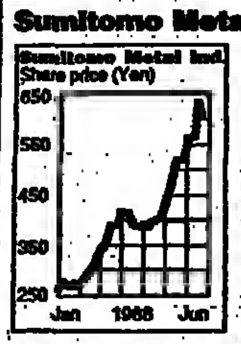
KAISER

Jamaica is dusting off its bauxite industry and is searching out new markets for its planned surge in production. The Government and Kaiser Aluminium are near agreement on reopening the island's largest bauxite refinery, while controversial tax concessions have been agreed in the hope of boosting output and encouraging the industry's competitiveness. Page 30

Ruberoid tries to keep out Raine

Raine Industries, the acquisitive UK house-builder and contractor, launched a £130m ($223m) hostile takeover bid for Ruberoid, attacking the British roofing materials supplier for "pedestrian" management. Mr Peter Parkin, Raine chief executive, promised Ruberoid shareholders dramatic capital growth, but the target company's chairman, Mr Tom Kenny, dismissed the offer as futile. Page 26

Sumitomo Metal in a tender trap



An obscure Japanese stock market rule designed to protect investors from unscrupulous companies and their brokers has ensnared a planned $500m fund-raising by Sumitomo Metal Industries, an eminently respectable steelmaker. The company has been unable to get the issue away for six weeks because of the strength of its share price, like that of other Japanese steelmakers, in recent months. Stefan Wagstyl reports from Tokyo. Page 22

IBM rolls out powerful array of mainframes

International Business Machines, the world's largest computer maker, unveiled a new series of mainframe computers which it said would be 25 per cent more powerful than models now on the market. The range will be crucial to IBM's sales and earnings outlook in the second half. Page 20

A generation ahead of itself

An energy system that runs on waste — it's an idea before its time. "Fast breeder" nuclear reactors have been built, activated, and proven a success — at least technically. The overwhelming cost of setting up fast breeders still bars the way to making themn a commercial success. David Fishlock reports on the ideals and realities of the next generation of nuclear power. Page 29

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (Dm)

Rises			
Hoesch	280	+	8
Conti'nal AG	256	+	7
Bayer Vereinsb	335	+	7
Falls			
DLH	365	-	7
Harpener	422	-	3
PKI	508½	-	15

PARIS (FFr)

Rises			
Lyonnaise Eaux	1500	+	72
C.S.E	325	+	15
Total	350	+	14
Falls			
Matra	192	-	6
Eurotunnel	37	-	0.9
Printemps	475	-	10

NEW YORK ($) at 12.30

Rises			
San Diego GE	34⅛	+	1⅛
IBM	122⅞	+	½
Amdahl	34⅛	+	1½
Falls			
Amfac	45⅞	-	⅞
Microsoft	58	-	2½
Salomon	22⅞	-	⅜

TOKYO (Yen)

Rises			
Nippon Sogo	1168	+	130
Nagasakiya	5700	+	550
Tokai Kogyo	1860	+	170
Falls			
Kitazato MFG	1450	-	100
Tohoku Kaio	1182	-	68
Nissei Sang	2080	-	130

LONDON (Pence)

Rises			
Beecham	470	+	5
Bullough	478	+	10
CASE	122	+	29
Hickson Intl.	243	+	9
Ibstock Johnsen	191	+	15
Int. Pet. Corp.	290	+	24
Land Securities	557	+	7
Leisure Inv.	104	+	8
Lilley (F.J.C.)	54	+	10
MEPC	529	+	6
P & P	246	+	11
Rosehaugh	727	+	8
Ruberoid	285	+	43
Smith (D.S.)	388	+	8
Sutcliffe Spkmn.	132	+	11
Tate & Lyle	865	+	9
Trent Holdings	182	+	13
Falls			
Dewhirst (I.J.)	329	-	10
Fisons	250	-	5
GUS A	£10¼	-	¾
Habit Precision	68	-	8
Highland Prtc.	268	-	6
Whitbread A	303	-	6
Wood (J.D.)	143	-	7

Soldiers of fortune vary the game plan

Anatole Kaletsky in New York looks at the quiet American facing Robert Maxwell's bold attack on Macmillan publishing

MR ROBERT BASS, the soft-spoken and discreet Fort Worth investor who has been trying to buy Macmillan, the US publishing group, for $2.1bn, appears to have just two things in common with Mr Robert Maxwell, the attention-grabbing British tycoon who declared himself as Mr Bass's chief adversary last week by announcing his own $2.3bn bid for Macmillan.

Both, in their very different ways, believe that publishing, entertainment and electronic media are the greatest growth industries of the late 20th century.

And both have vindicated this opinion by making identically enormous fortunes. They happen to be worth $1.2bn each, give or take the odd hundred million dollars, according to Forbes magazine's annual list of America's 400 richest people which last year, appropriately, included more fortunes amassed in media businesses than in oil, finance or real estate.

Beyond these similarities, the two men are as different as it is possible to be while carrying a billiou-dollar cheque book in your pocket.

The hulking Mr Maxwell is now a familiar figure on both sides of the Atlantic, after his unsuccessful but highly-publicised bids last year for two other US publishing businesses, Harcourt Brace Jovanovich and Bell & Howell.

The boyish-looking, 40-year-old Mr Bass, in contrast, is still very little known on Wall Street, despite a record of successful deal-making which seems to put him a category ahead of such legendary wheeler-dealers as Mr Carl Icahn, Mr T. Boone Pickens or Mr Donald Trump.

Indeed, some of the investors riding on Mr Bass's coat-tails in his current bid for Macmillan still associate him less with his recently-acquired financial and media empire, than with a much older – and smaller – oil fortune. Mr Bass is the third of four Bass brothers who started their financial careers with a considerable advantage.

In 1959 they inherited roughly $3m each from their father's uncle, the celebrated and eccentric Texas oilman Sid Richardson. After pooling this wealth and watching it grow to about $50m ten years later, under the management of the oldest brother Sid, the Basses went into serious money making in 1970. They hired a young acquaintance of Sid's from Stanford Business School, Richard Rainwater, to help them implement a clearer and more daring investment strategy.

They passed unscathed through the hostile bear markets of the 1970s and by the start of the great bull market in 1982, they had cut their teeth on an aggressive investment strategy of hunting for large minority stakes in bargain-priced companies which had fallen out of fashion on Wall Street.

Among the major influences on their approach were the theories ou cash-flows and stockmarket valuation propounded in the 1930s by Benjamin Graham and put spectacularly into practice by Mr Warreu Buffett, Graham's most celebrated discipla and America's most successful long-term investor.

By May, 1985, Bass Brothers Enterprises, as their privately held investmeut vehicle was called, was said to be worth $4bn to $5bn, perhaps 100 times its value in 1969. It was already being transformed into a media, rather than an oil-based, empire. The Bass Brothers' first stockmarket coups were in the oil sector – they bought early and cheaply into Marathon Oil before it was acquired by US Steel, yielding them a $165m profit.

Their most spectacular profits came when they made $450m on a 10 per cent stake in Texaco in 1984, after a trail blazing "greenmail" deal with the floundering oil giant, and from a strategic stake in Walt Disney. They are widely credited with saving Disney from the clutches of more ruthless raiders, including Mr Saul Steinberg and Mr Irwin Jacobs.

With these considerable achievement behind him, Mr Rainwater decided to call it a day, and left to pursue his own fortune (his net wealth was estimated by Forbes last year at $225m). This prompted the two most active Bass brothers, Sid and Robert, to go their separate ways as well.

Bass Brothers Enterprises was dissolved and Sid Bass began to concentrate on charity, glamour and New York social life. Robert, meanwhile, decided to prove his own investment mettle, establishing a new business, the Robert M. Bass Group.

In the last three years it has been this new Bass Group which has been lurking behind the Wall Street headlines, buying controlling stakes in such media groups as Wometco Cable, Taft Broadcasting, Heritage Communications and Bell & Howell (which Bass snapped up last year for $670m in another three-cornered takeover battle which, uot entirely coincidentally, involved Mr Maxwell and Macmillan Inc, too).

The Bass group's other major plays have mainly involved New York property transactions, including the acquisition of a large stake in Alexanders, the New York department store, and an 18 per cent stake in Westin Hotels, alongside the Aoki group of Japan.

Recently, the Bass Group has been developing a third line to its strategy – financial services. Earlier this year it acquired for more than $200m, the MTech information processing snbsidiary of MCorp, the strugging Dallas-based bank.

Last month, it announced a potentially more spectacular foray, confirming that it was in negotiations with the Federal Home Loan Bank Board about the acquisition of Financial Corporation of America, the country's second-biggest savings and loan institution, which has been operating in insolvency with over $30bn of assets for four years.

The contrast between the Bass group's two present takeover ventures raises a fascinating question. FCA is clearly the sort of struggling company which Mr Bass should be able to buy as a bargain, given the FHLBB's desperation to get it off its hands. The price of Macmillan, on the other hand, has been bid up by nearly two years of takeover speculation – and now a possible auction against Mr Maxwell. Is this the kind of deal that Benjamin Graham or Warren Buffett might recommend?

Since casting off on his own, Mr Bass seems to have thrown off his family's traditional inhibitions about paying high prices for companies whose values are already well-recognised. Like Mr Maxwell, he clearly thinks, that despite the buge fortunes already made in media businesses, the demographic and social changes which are boosting pnblishers' and entertainmeut companies' profits are still far from being fully understood by the stockmarket.

SmithKline head of drugs business quits as sales fall

By James Buchan in New York

MR JAMES Cavanagh, a senior executive at SmithKline Beckman, has resigned as head of the company's US drugs business in the face of a sharp fall in demand for its once best-selling ulcer drug, Tagamet.

Mr Cavanaugh, 51, a well-regarded executive once seen as a potential successor to Mr Henry Wendt, SmithKline's chairman, yesterday quit as head of SmithKline & French Laboratories-US, the company's domestic pharmaceuticals business. He will be succeeded by Mr Frederick Kyle, 55, a senior vice-president in the division.

The surprise resignation comes just a day after the company – with annual sales of $4.8bn – announced a 25 per cent drop in its second-quarter net income because of the fall in Tagamet sales.

Tagamet's former US monopoly has shrunk to less than 40 per cent of the market because of competing products from Glaxo of the UK, Merck and Eli Lilly. It was once the biggest-selling drug in the world. A second SmithKlina drug, Dyazide, is also slipping in the US market.

The decline of both drugs, which was revealed to an unprepared Wall Street in June, has caused a nearly 20 per cent drop in the company's stock price.

Analysts and institutional investors say SmithKline should have introduced uew drugs from its research pipeline to replace lost Tagamet sales.

Mr Wendt, who intends to merge SmithKline's US and overseas drugs operations and its research effort into one divisiou, apparently told Mr Cavanaugh he was not in line to head the new unit.

Mr Cavanaugh, who joined SmithKline at its eye-care business in 1977, ran the company's clinical laboratories operation before moving to head US pharmaceuticals in 1985. Before this career setback, he was regarded as a high-flier at SmithKline.

Dowty makes £80m CASE takeover bid

By David Waller in London

DOWTY Group, the UK engineering and electronics company, yesterday emerged as a white knight in the battle for control of CASE Group, the British compnter networking concern which has been fighting a takeover bid from Canadian-based Gandalf Technologies.

CASE has recommended a paper bid from Dowty which values it at £80m ($138m) compared with the £70m offered by the Canadian data communications company. Gandalf, dwarfed by Dowty and a smaller company even than CASE, is thought unlikely to top the agreed bid, although yesterday it said that was considering its position and urged shareholders to take no action.

On Dowty's part, the move is in line with a long-term strategy of reducing dependence on the mining and aerospace industries, which accounted for 56 per cent of its £625m turnover last year.

That proportion will fall to under 50 per cent once CASE is merged with Dowty's own information technology interests to create a division with turnover of over £160m.

Mr Tony Thatcher, Dowty chief executive, said there would be an excellent fit between the two companies' products in the data communications market. Both companies make equipment such as modems and multiplexes, which enable information to be relayed from one computer to another at high speed, either locally or across the globe.

CASE, which was first approached by Gandalf at the beginning of the year, has appeared vulnerable to takeover ever since 1984 when it made a troublesome acquisition in the US. It bought Rixon just at the point when the data communications market was going into decline, and the result was successiva annual pre-tax losses of £14.7m and £5.5m.

Mr Thatcher said yesterday that Dowty would close down CASE's manufacturing capacity in the US, transferring it to the factories acquired when it bought Datatel last October, a US supplier of digital multiplexers.

Shares in CASE rose from 93p to 122p. Terms of the share offer are 59 new Dowty shares and 133 Dowty convertible preference shares for every 200 CASE shares, valuing each one at 128.1p. There is a partial cash alternative valuing each share at 122.6p.

Despite Mr Thacher's assurance that there would be no earnings dilution in the current year, Dowty's shares fell from 211½p to 202p.

NatWest profits jump to £702m midway

By David Barchard in London

NATIONAL Westminster, the largest UK commercial bank, yesterday announced pre-tax profits of £702m ($1.21bn) for the first half of the year, confirming its reputatiou for profitability and signalling that it had put last year's problems with Third World debt behind it.

A similar message is expected from the other three big British clearing banks wheu they announce their first-half results later this week.

Results are due today from Midland, followed tomorrow by Barclays, NatWest's closest rival, and Lloyds on Friday.

A year ago, NatWest's interim profit was down to £251m after making provisions of £496m against Third World debt. This year its problem-country debt provision fell to £6m.

However, the bank's profits from its domestic operations, which a year ago enabled it to stay in the black, fell 11 per cent to £477m, suggesting that the bank is coming under pressure from its competitors in the mortgage and personal loans market.

NatWest's investment banking operations, which ran into serious problems early in the year, recorded a £10m loss, but this was a better performance than generally expected. The division lost £116m in 1987 as a whole.

Mr Tom Frost, NatWest's group chief executive, indicated that tha bank has opted to expand its domestic lending more cautiously than its major competitors. "We will not go for growth at any cost." he said yesterday.

London analysts noted uneasily that NatWest's equity to assets ratio, the best indicator of a bank's capital strength, has fallen from 5.6 per cent a year ago 4.9 per cent, largely because of the purchase of a US bank, First Jersey National Corporation, last year.

International banking operations rebounded from a £370m loss in the first half of 1987 to a profit of £142m, including a contribution of £42m from National Westminister Bankcorp in the US.

Lord Bridgeman, chairman, said that NatWest has no plans to follow Barclays' example this spring of asking its shareholders for new money in a rights issue.

NatWest is expected to retain profits in the remainder of the year to boost its equity to assets ratio back above the psychologically important 5 per cent level.

The results won only a qualified welcome in the market because of worries about profits on domestic operations, and NatWest shares closed 7p lower at 578p.

France brings in Peyrelavade to replace Dromer at UAP

By Paul Betts in Paris

THE FRENCH minority Socialist Government has replaced Mr Jean Dromer, the chairman of Union des Assurances de Paris (UAP), the biggest French state-owned insurance group, with Mr Jean Peyrelevade, a well known banker and an economic adviser to Mr Pierre Mauroy, the former Socialist Prime Minister

The Government also replaced three other UAP board members and appointed as a new board member Mr Louis Schweitzer, the financial director of Renault and the main adviser to Mr Laurent Fabius, another former Socialist Prime Minister.

The changes reflect the new Government's efforts to break the bold personalities and influential shareholders close to the former right-wing administration of Mr Jacques Chirac, the Gaullist RPR leader, have had on key state sector and recently privatised groups.

The Government was at pains yesterday to emphasise that the replacement of Mr Dromer, a former president of the French banking association with Gaullist ties, was not the start of a political "witch hunt" against state sector chairmen.

Mr Pierre Beregovoy, tbe Socialist Finance Minister, indicated that Mr Dromer had been offered another interesting post by the Government, that of an ambassador in a major French embassy in Europe.

Despite the risk of undermining its credibility and efforts to give a political opening to the centre, the Socialist Government was keen to secure firm control of UAP because of the insurance group's considerable economic and financial power in the country.

UAP, which manages assets of about FFr170bn ($27.6bn), is also a leading shareholder in most of the recently privatised groups and many other leading French companies. Its share portfolio is estimated to account for 3 to 4 per cent of the total market capitalisation of the Paris bourse.

The Socialist Government had been especially keen to replace Mr Dromer because it regards UAP, with its stakes in many privatised companies, as a key elemeut in its strategy to try to break np the core shareholding structures of privatised companies set np by the previous right-wing government.

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Special gain distorts Texaco's results

By Our New York Staff

TEXACO, the huge US oil company which is trying to leave behind a nightmare of bankruptcy, litigation and turmoil, enjoyed a doubling of its operating earnings in the June quarter on a 10.7 per cent increase in revenues.

But the company's net income was distorted by gains on the sale of West German refining interests and huge legal expenses.

The suburban New York company, which spent a year in bankruptcy and then had to fight off an assault from Mr Carl Icahn, the takeover specialist, said that its net income for the second quarter rose fourfold to $527m or $2.17 a share from $129m or 53 cents.

But the bulk of the increase came from a $391m capital gain on Deutsche Texaco, which was sold as part of an attempt to shake out low-profit businesses and convince Wall Street the company should not be taken over.

The gain was almost offset by a $252m charge for corporate expenses in the quarter, mostly for special tax payments and the big legal bills from the bankruptcy proceedings.

None the less, operating earnings more than doubled to $478m as Texaco reaped the benefit of cheap crude oil and gas feedstocks in its refining and petrochemical operations. Refining and marketing earnings increased by $18m to $215m while petrochemical profits more than doubled to $44m.

In contrast, the weak oil price did relatively little damage to "upstream" production earnings, with a fall to $178m from $206m.

In the six months, net income was $769m or $3.17 a share against $247m or $1.02 in the first half of 1987. Revenues were $18.1bn against $17bn.

● Phillips, the Oklahoma oil company which also suffered a bruising battle with Mr Icahn, reported dramatically better profits in the second quarter, thanks to the surge in its petrochemicals business.

Earnings amounted to $170m or 72 cents a share compared with only $3m or 1 cent in the corresponding period of 1987.

Revenues for the three months advanced 9 per cent to $2.88bn.

● Amoco, the US oil company poised to take over Canada's Dome Petroleum, reported a sharp advance in second-quarter earnings, mirroring the increases recorded by other US oil majors.

Net income jumped to $667m from $311m last year which hoisted earnings per share to $2.59 from $1.22, on revenues of $6.2bn, compared with $5.7bn.

Some of the quarterly advance, however, was due to a gain of $186m from the settlement of natural-gas contract disputes which was partly offset by a charge of $50m for estimated claim liabilities for insurance operations.

Six-month income advanced to $1.14bn from $571m last time, bringing per share earnings to $4.41 from $2.24 on revenues of $11.9bn, up from $10.9bn.

The group said refined products earnings were helped by improved margins, compared with their depressed levels in the 1987 second quarter.

Amoco's net production worldwide of crude oil and natural gas liquids for the first half of 1988 averaged 792,000 barrels a day, compared with 806,000 in the same 1987 period.

Worldwide net natural gas production for the first half of 1988 reached 3.2 bn cubic feet daily, a 6 per cent increase from levels prevailing a year-ago.

Worldwide refinery runs for the same period were 921,000 barrels daily, compared with 867,000 barrels in the first six months of 1987, Amoco said.

● Atlantic Richfield, the big producer of oil from the Alaska North Slope, said its earnings rose 21.2 per cent to $400m or $2.19 on a 10.6 per cent increase in revenues.

Though Arco increased crude production, upstream earnings declined by 39.6 per cent to $174m. But refining profits rose 60 per cent to $72m and chemical operations contributed $226m in place of $101m.

Amfac agrees to $920m bid by private developer

By James Buchan in New York

AMFAC, the San Francisco-based plantation and trading house best-known for its vast land holding in Hawaii, yesterday said it had agreed to be acquired for $920m or $49 a share by a Chicago-based real estate group backed by Merrill Lynch.

The sale agreement with *JMB Realty, a private developer* with interests in real estate valued at over $20bn, comes after years of upheaval at Amfac, a diversified company involved in agriculture, retailing, hotels and resort development.

The company, which began life as a sugar-cane grower in Hawaii in 1849, has enjoyed sales of over $2bn since 1981 but suffered losses in the mid-1980s from some costly diversifications in Hawaii and on the US mainland.

But it has recently attracted feverish speculative interest because of the 60,000 acres of prime land it holds under cane or for development on the islands.

In a boardroom coup last November, Mr Ronald Sloan, chief executive, was fired when his radical plan to dismantle the company ran into opposition from directors and Hawaiian officials.

A scheme to sell marginal assets in distribution, food-processing and resorts was put on hold when Mr Sloan's successor, Mr Richard Griffith, offered $800m for the company in May.

Mr Henry Walker, Amfac's chairman, said yesterday that the board had decided that the JMB Realty offer was superior to a revised bid from the Griffith management group submitted at the weekend. The JMB Realty offer is backed by a $500m bridging loan from Merrill Lynch.

Mr Walker also said he believed the State of Hawaii would welcome JMB Realty's "expertise in and renowed reputation for quality property development."

IBM unveils mainframe range

By Our New York Staff

INTERNATIONAL Business Machines, the world's largest computer maker, yesterday undraped a series of mainframe computers which it says will be 25 per cent more powerful than models now on the market.

The new 10-model range, known as the ES/3090, is crucial to IBM's sales and earnings outlook for the second half and into next year in the face of sluggish orders in its US computer business. IBM stock, under pressure in the past week, rose ¼ to $122⅝ in early trading yesterday.

The series is led by the Model 600S, which with MVS/ESA operating software unveiled yesterday, should provide customers with 66 per cent greater processing power, IBM said. Mr Carl Conti, a senior vice-president of IBM, said yesterday that the series was "the most powerful general purpose processors in the industry."

The new mainframes provide average improved price/performance in the range of 15 to 25 per cent, a wide range of upgrading options and immediate access to the MVS/ESA operating system a month ahead of schedule, IBM said.

Mr George Conrades, who last week took over as head of US marketing at the company, said: "IBM offers the most advanced large systems architecture, programming and storage devices, along with complete service and support. At the same time, we are protecting our customers' prior investments through a wide variety of financially attractive upgrade offerings."

Downturn at Sears, Roebuck

By Our New York Staff

SEARS, ROEBUCK, the giant retailing and consumer financial services company, reported a 5.4 per cent decline in net income in the June quarter because of a drop in profits at its important insurance subsidiary, Allstate.

Sears' retailing network, the world's largest, recovered from its sluggish start to the year despite intense competition from speciality stores, while its ambitious new Discover credit card operation reported a profit.

The Chicago-based group said yesterday that earnings for the June quarter were $369.4m or 98 cents a share, down from the 1987 second-quarter record of $390.4m. Revenues rose 10.8 per cent to $12.98bn.

The decline in earnings was mostly attributable to Allstate, where underwriting results are deteriorating as part of an industry downturn despite 17.5 per cent revenue growth. Allstate saw its income fall from $250.3m in the 1987 second quarter to $206.6m.

But the Sears merchandise group, which includes department stores and mail-order, saw its income rise 10.5 per cent to $188.8m. The latest quarter included a $31m tax benefit but operating results were still incomparably better than the $18.7m in net income from the first quarter.

The Discover card, which lost $38m in the second quarter because of heavy launch costs, earned a profit (of $100,000) for the second quarter in a row and "will be solidly in the black in 1989," according to Mr Edward Brennan, chairman.

Dean Witter, Sears' financial services subsidiary, saw earnings from securities business fall from $25.9m to $9.7m. The Coldwell Banker real estate group enjoyed an increase in earnings and sales.

For the six months, Sears reported net income of $548.9m or $1.45 a share, down from $678.9m or $1.78 a share on a 13.2 per cent rise to $25.14bn.

Surge at Salomon Bros

By Janet Bush in New York

SALOMON BROTHERS, the large New York investment house, continued to improve its profitability in the second quarter, reporting a 100 per cent increase in net earnings compared with the depressed level of a year ago.

Post-tax earnings amounted to $80m compared with $40m in the corresponding period last year. Fully diluted earnings per share were 48 cents compared with 26 cents.

Net earnings for the first half of 1988 totalled $253m, an increase of 34 per cent. The last two profitable quarters, which reflect significant efforts to cut costs and overheads and eliminate businesses, reverse the declining profitability which plagued the firm in each of the previous three quarters.

Mr John Gutfreund, chairman and chief executive officer, noted that the company had achieved increased earnings despite stagnant financial markets and reduced volumes in the securities business.

The Philipp Brothers commodity subsidiary contributed significantly to Salomon's overall earnings. Its pre-tax profits surged to $41m from only $2m a year ago. This was attributed to firm worldwide industrial demand for raw materials and strong agricultural commodity prices.

Phibro Energy was another strong performer with earnings of $30m before tax, a rise of $3m which partly reflected improved refining margins.

Salomon Commercial Finance was helped by higher interest rates and earned $42m compared with $37m last time.

Amax registers record earnings

By Kenneth Gooding, Mining Correspondent

AMAX, the US natural resources group, yesterday reported record second-quarter earnings of $237.9m or $2.64 a share compared with $35.5m or 41 cents in the same quarter last year.

Mr Allen Born, the chairman, predicted 1988 "will be an outstanding year for Amax and its shareholders."

He said Alumax, the aluminium subsidiary, was generating record earnings and Amax's coal business was on target in revenues and earnings as was Amax Gold, the group's fastest growing unit.

Even the molybdenum business had emerged from the doldrums and was contributing strong earnings because of improved demand, he said.

The 1988 second quarter included a gain of $125m from a Federal tax settlement, of which $56m represented a refund, including $34m interest.

In comparison, the 1987 second quarter included a gain of $46m from a pension plan settlement which was offset in part by $20m of extraordinary losses on early redemption of debt.

Stelco improves midway

By Robert Gibbens in Montreal

STELCO, soon to lose its place as Canada's largest steel maker to the merged Dofasco and Algoma Steel, improved its first-half results with robust demand for nearly all products and lower costs.

First-half earnings were C$50.1m (US$41.8m) or 90 cents a share, up from C$45.6m or 89 cents a year earlier on sales of C$1.39bn, up 8 per cent.

Stelco has to undertake further rationalisations and has shut a US coal mine.

Northern Telecom edges ahead

By Our Toronto Correspondent

NORTHERN TELECOM, the world's largest supplier of digital telecommunications systems which is 52.3 per cent-owned by Canada's BCE, yesterday reported a slim 7 per cent increase in second-quarter profits on revenues up 11 per cent to US$1.39bn.

Net earnings totalled $83m or 33 cents a share, compared with $77.6m or 31 cents in the corresponding period a year earlier. Revenues in the 1987 second quarter were $1.25bn.

Mr Edmund Fitzgerald, chairman, attributed the sales growth to revenue gains in North American central office switching and transmission product lines.

International revenues, by contrast, were lower due both to reduced Turkish demand and the sale last February of some European businesses to STC, the UK telecommunications group. Northern Telecom acquired 27.5 per cent of STC last year for some $830m.

First-half net earnings were $140.6m or 56 cents a share, against $137.7m or 54 cents in 1987. Over the same period, revenues rose nearly 8 per cent to $2.59bn from $2.4bn.

Looking ahead, Mr Fitzgerald projected that the company's third quarter will be "weaker than originally anticipated." Nonetheless, the company continues to expect revenue, earnings and margin improvements for the year as a whole.

NORTH AMERICAN QUARTERLY RESULTS

BORDEN
Foods, dairy products

	1988 $	1987 $
Second quarter		
Revenues	1.78bn	1.6bn
Net income	73.7m	62.7m
Net per share	1.00	0.85
Six months		
Revenues	3.39bn	3.03bn
Net income	126.1m	106.7m
Net per share	1.71	1.45

CONSOLIDATED EDISON
Utility holding company

	1988 $	1987 $
Second quarter		
Revenues	1.1bn	1.13bn
Net income	84m	93.6m
Net per share	0.65	0.72
Six months		
Revenues	2.43bn	2.41bn
Net income	238.7m	253.3m
Net per share	1.93	1.99

CUMMINS ENGINE
Diesel engines

	1988 $	1987 $
Second quarter		
Revenues	834.4m	687.2m
Net income	1.74m	10.3m
Net per share	nil	0.77
Six months		
Revenues	1.69bn	1.34bn
Net income	9.2m	24.6m
Net per share	0.48	1.92

EATON
Engineered products

	1988 $	1987 $
Second quarter		
Revenues	896.3m	807.7m
Op net income	63.6m	61.0m
Op net p/shr	2.56	2.16
Six months		
Revenues	1.75bn	1.58bn
Op net income	123.7m	115.9m
Op net p/shr	4.96	3.97

INGERSOLL-RAND
Compression equipment

	1988 $	1987 $
Second quarter		
Revenues	779.8m	664.3m
Net income	40.1m	22.2m
Net per share	0.75	0.40
Six months		
Revenues	1.49bn	1.27bn
Net income	73.7m	51.8m
Net per share	1.37	0.94

JOHNSON & JOHNSON
Pharmaceuticals, toiletries

	1988 $	1987 $
Second quarter		
Revenues	2.29bn	2.01bn
Net income	271m	225m
Net per share	1.57	1.30
Six months		
Revenues	4.6bn	3.99bn
Net income	550m	460m
Net per share	3.19	2.66

MARTIN MARIETTA
Defence, aerospace

	1988 $	1987 $
Second quarter		
Revenues	1.44bn	[illegible]
Net income	81.4m	[illegible]
Net per share	1.33	[illegible]
Six months		
Revenues	2.74bn	[illegible]
Net income	137.4m	[illegible]
Net per share	2.49	2.11

UNOCAL
Oil and gas

	1988 $	1987 $
Second quarter		
Revenues	2.35bn	[illegible]
Net income	64m	[illegible]
Net per share	0.55	[illegible]
Six months		
Revenues	4.85bn	[illegible]
Net income	243m	[illegible]
Net per share	2.08	[illegible]

INTERNATIONAL COMPANIES AND FINANCE

New broom sweeps through UAP

Paul Betts on the Socialist shake-up of the French state insurer

By replacing Mr Jean Dromer as the head of Union des Assurances de Paris (UAP), France's biggest state-controlled insurance company, the new minority Socialist Government has set in motion its plans to try to break up the hard core shareholdings of leading French groups privatised by the previous rightwing administration.

Mr Dromer, who has been offered a job as an ambassador as a consolation, had long been at the top of the Socialist Party's hit list of state chairmen close to the neo-Gaullist RPR party of Mr Jacques Chirac.

Jean Dromer: outgoing chairman

Jean Peyrelevade: incoming chairman

As chairman of UAP, he headed one of the country's most powerful financial institutions, managing assets of about FFr170bn ($27.5bn), stakes in most major French companies including the majority of the recently privatised financial and industrial groups, a highly visible presence throughout the country and the biggest property portfolio in France.

Although the Socialist government repeatedly claimed it did not intend to launch "witch-hunts" against state sector bosses sympathetic to the right, it also made it abundantly clear it wanted to break up the RPR's hold on major French financial and industrial institutions achieved through the privatisation programme and the establishment of shareholding structures favourable to the Gaullists.

From the beginning, UAP with its stakes in privatised groups like Paribas, Suez, Société Générale, CGE, Havas, and Saint Gobain appeared as a springboard for Mr Pierre Beregovoy, the Socialist Finance Minister, to launch his strategy of trying to smash the core shareholding structures of leading privatised companies.

Indeed, UAP with its tentacles in all the main privatised groups, remained the weakest link in the otherwise carefully constructed programme of Mr Edouard Balladur, the former RPR Finance Minister, tying up control of the privatised groups in friendly Gaullist hands. Mr Balladur had hoped to privatise UAP to consolidate the RPR's hold but last October's stock market crash forced him to abandon the plan.

The Socialist Government has chosen Mr Jean Peyrelevade, a 48-year-old banker who was a key economic adviser in the first Socialist Government of Mr Pierre Mauroy in 1981, to replace Mr Dromer, a former president of the French banking association who had been appointed chairman of UAP last year.

Mr Peyrelevade had long been tipped as a Socialist candidate for a major state sector job especially after his replacement by the former rightwing government as chairman of the Suez financial group in what the left at the time denounced as another Gaullist witch-hunt.

The Government also decided to replace three UAP board members. Among the new Socialist appointments to the UAP board is Mr Louis Schweitzer, the financial director of the Renault state car group and the former *directeur de cabinet* of Mr Laurent Fabius, the former Socialist Prime Minister.

Mr Schweitzer will replace on the UAP board Mr Jerome Monod, the chairman of the Lyonnaise des Eaux private water group and a former secretary general of the neo-Gaullist RPR party.

The replacement of Mr Dromer is expected to be followed by other changes in state sector groups later this year, inclnding probably Mr Jean Maxime Leveqne at Credit Lyonnais and Mr Francois Heilbronner at the GAN insurance group.

The Socialists also appear to have started manoeuvres to unsettle the core shareholding structures of the privatised Havas media and advertising group and of the privatised CGE telecommunications and engineering conglomerate.

In the case of Havas, the manoeuvre appears centred on Mr Robert Maxwell increasing his 5 per cent stake in the French media group.

At CGE, cloak and dagger intrigues surfaced last week with the leaking of a secret pact between six major CGE shareholders. The disclosure was clearly intended to destabilise the top management of the company headed by Mr Pierre Suard, the CGE chairman who is also close to the Gaullists.

But all these manoeuvres are causing mixed feelings in Mr Rocard's Government. Mr Rocard himself and some other members of his cabinet are believed to have been reluctant to remove so swiftly Mr Dromer, a moderate Gaullist and respected banker, fearing his replacement would be interpreted as the start of a new Socialist witch-hunt and the return of the old French political "spoils system."

Apart from the risk of undermining the credibility of the Socialist Government's efforts at political overture to the centre, there is also widespread concern over the repercussions a new round of musical chairs could have on state sector and recently privatised groups, which have already suffered during the last few years several changes of chairmen.

Most of these groups are seeking management stability and continuity to enable them to pursue their industrial strategies and development and tackle the increasing challenges of a global market environment.

But political priorities have clearly won the day again in France. However, by choosing Mr Peyrelevade, whose qualities as a banker and deal maker are recognised by everyone in France, the Government appears to have sought to sweeten the pill.

Originally, the favourite candidate to replace Mr Dromer at UAP was Mr Bernard Attali, the former chairman of the GAN insurance group. But as the twin brother of Mr Jacques Attali, one of President Mitterrand's closest advisers, the Government feared his appointment risked appearing as a little too political.

LTV stops making heavy military trucks

By Our Financial Staff

LTV, the Dallas-based steel, aerospace and energy group, is to discontinue medium and heavy military truck production at its missiles and electronics group, resulting in lay-offs of up to 700 employees.

The unit of LTV, which is operating under Chapter 11 of the US bankruptcy code, said its AM General division will concentrate on producing the Hummer, a multi-purpose truck used by the US Army, Navy, Air Force and Marines and intended as a replacement for the ageing Jeep.

AM General expects to lay off as many as 550 employees at its main South Bend, Indiana, plant and division headquarters in the next few months. About 150 jobs in medium and heavy truck design and development at Livonia, Michigan, will also be cut. The AM General division employed 2,366 workers as of June 30.

Earlier this year, AM General set a programme to reduce costs and become more competitive. The unit's problems have been identified by the company as one of its key challenges before emerging from Chapter 11.

AM General said it had built most of the medium and heavy trucks it had contracts for and little new business was to be found. "It's just a very high risk, low reward sort of investment," said the company, referring to the $20m to $30m needed to bid on new 2.5 ton and five ton trucks for the Army.

Because of Army requirements, the trucks will not be built until 1992.

AM General's South Bend plant will be closed and some workers there will be transferred to the Mishawaka plant.

More than 50,000 Hummers have been built by AM General, The vehicles can be used to carry troops and cargo and to launch weapons.

TCPL dips in first half

By Robert Gibbens in Montreal

LOWER oil and gas prices and a 7 per cent rise in the Canadian dollar exchange rate reduced first-half earnings at TransCanada Pipelines.

TCPL, the energy and pipeline subsidiary of BCE, Canada's largest holding company, yesterday reported six months' profit of C$75.2m (US$62.6m) or 26 cents a share, down from C$78m or 46 cents on revenues of C$1.89bn against C$1.7bn.

Second-quarter net was C$27.7m or 18 cents a share against C$38.1m or 23 cents on revenues of C$864m against C$780m.

TCPL results reflect a 34 per cent rise in Canadian gas exports to the US in the first five months. Gas deliveries through the TCPL system were up 17 per cent in the first half and exports doubled.

TCPL's oil and gas operating income included Encor Energy.

Shell Canada caught the boom in petrochemical prices, especially for styrene and polypropylene, in the first half. Overall earnings were C$205m or CC$1.78 a share against C$167m or C$1.44 on revenues of C$2.5bn against C$2.3bn.

Second-quarter earnings were C$106m or 91 cents a share, up from C$64m or 54 cents on revenues of C$1.27bn against C$1.17bn.

Fresh bid for La Suisse

SAURER-GRUPPE Holding, majority owned by Mr Tito Tettamanti, the Swiss financier, yesterday entered the battle for La Suisse, the Swiss insurer, with an offer of SFr10,000 ($6,620) per registered share, Reuter reports from Zollikon.

Mr André Grebler, another Swiss businessman, made an offer of SFr7,200 per share last week. Since then, the shares have climbed on the Zurich bourse and closed yesterday at SFr8,925 ahead of the Saurer announcement.

La Suisse, one of Switzerland's smallest insurers, is based in Lausanne and has been the subject of takeover rumours for months. No comment was available from the company.

La Suisse has an issued capital of 48,000 shares, which means the Saurer bid values the company at SFr480m. Saurer said the offer was conditional on at least two-thirds acceptance by shareholders.

La Suisse rejected Mr Grebler's bid last week. Saurer said in its statement that it had talked to La Suisse before making an offer but was not able to reach full agreement.

Saurer said it gave assurances that La Suisse could retain its present character, management and headquarters if it took over. Saurer said it did not yet own any shares in La Suisse.

INTERNATIONAL COMPANIES AND FINANCE

Sumitomo Metal funding hits snag

By Stefan Wagstyl in Tokyo

A LITTLE-KNOWN Japanese stock market rule designed to protect investors from unscrupulous companies and their brokars has ensnared a planned $500m fund-raising by Sumitomo Metal Industries, an eminently respectable steelmaker.

Sumitomo Metal officials are furious that, with the market trading close to its record high, they have been unable to get the issue away for six weeks.

The cause of the problem is a stock market regulation which says that companies cannot issue equity-related instruments if their shares have moved by 30 per cent or more in the preceding three months. The rule is designed to discourage companies and brokers ramping stock – driving up the price artificially – in the weeks before an issue in order to maximise the issue price.

There is no suggestion that Sumitomo has been driving up its share price. But the stocks of Japanese steelmakers have soared this year as a result of a dramatic recovery in the industry. Sumitomo climbed from a low last December of Y236 to a peak of Y650. Yesterday it closed at Y600.

Daiwa Securities, Sumitomo's broker, first approached the Ministry of Finance, which vets fund-raising plans, in early June but steel shares were rising so quickly it was told to come back in a month.

On July 1, Sumitomo tried again and filed a formal application. Again the ministry said oo. Sumitomo's shares had risen 38 per cent since the beginning of April. That was bad enough. But the difference between the highest and lowest prices in the period was 56 per cent.

Sumitomo yesterday said it planned to try again next month. It is ironic that it actually means to raise its funds in the lightly-regulated Euromarkets by selling bonds. But the instruments will have equity warrants attached, so they fall under MoF jurisdiction.

Sumitomo declined to say publicly what it thought of the regulations. But privately company officials are angry that their plans have been postponed, especially as the money is needed for a diversification programme which has begun.

Other industrial groups have rallied around Sumitomo, arguing that it is ridiculous that a leading company should have to suffer because of a rule designed for entirely different conditions. Matsushita Electric Industries, Japan's largest consumer electronics group, was yesterday quoted as saying that companies should be left to decide for themselves when to raise money.

It is the second time this year that Daiwa has been caught out by the stock market's rules. Mr Rupert Murdoch's News Corporation, another Daiwa client, was forced to postpone plans for a Tokyo Stock Exchange listing after it failed to meet the exchange's complex rules on filing accounts separately for both the consolidated group and the parent company.

Acquisition fever as Advance Bank soars

By Bruce Jacques in Sydney

ACQUISITIVE JOCKEYING continued in the Australian banking industry yesterday with the release of buoyant results from Advance Bank Australia. The bank, although a comparative minnow, outpaced most of its larger rivals with a 51 per cent rise in after-tax profits to A$26.5m (US$21.5m) in the year to May, from A$17.5m.

Encouraged by the successful year, Mr John Thame, Advance's managing director, said the bank was looking for expansioo by acquisition. He was in effect countering the takeover rumours which have surrounded Advance for months since a number of corporate predators began appearing on its share register.

These include Mr Larry Adler's FAI Insurances, the aggressive Bank of New Zealand, and, most recently, State Bank of NSW, all of which now hold stakes of just under 10 per cent in the bank.

The acquisitive build-up is taking place against a backdrop of several wider manoeuvrings in the Australian banking industry. These include a virtual seige mentality among building societies as the much larger banks search for growth, and persisteot rumours of merger talka between Australia's Big Four trading banks – Westpac, ANZ, National Bank of Australia, and the state-owned Commonwealth.

Advance, which has only recently itself converted from a building socety, appears immune from takeover under current banking legislatioo which prohibits any single shareholder holding more than 10 per cent of a bank's capital. Advance also has restrictive articles of association and 40 per cent of its voting power is vested with a trustee company. But the predators must believe all this could change.

In any event, Mr Thame said he believed further rationalisation was needed in the industry, but he clearly sees Advance as a predator rather than a target. He went as far as saying that Advance would have a much better chance of taking over State Bank of NSW than vice versa, because the latter bank is owned by the New South Wales Government, which is actively looking at privatisation.

But Mr Thame said Advance had yet to identify a target and would take its time. He also said the bank was bent on geographic expansion to strengthen its position outside its home base in New South Wales.

The Advance result followed a 27.4 per cent increase in gross income to A$597.4m, and directors have raised the final dividend, lifting the annual payout to 14 cents a share from 10 cents.

Mr Thame said strong contributions had come from savings bank and commercial lending operations and earnings were further boosted by a A$16.08m extraordinary profit on the sale of surplus property (A$3.7m profit prevously).

But he warned that rising interest rates could cot demand for funds, placing pressure on earnings. Tax provision was A$30.7m (A$16.7m) and depreciation A$11.9m (A$9.1m).

Six-month profit surge at Ok Tedi

By David Blackwell, recently in Tabubil, Papua New Guinea

OK TEDI, the Papua New Guinea gold and copper mine managed by Australia's Broken Hill Proprietary, has doubled net profits for the first half on the back of a strong surge in revenues.

Net profits were 39.9m kina (US$45.8m) after deferred tax expenses of 21.3m kina. In the first half last year net profit was 19.4m kina. Revenues rose to 190.9m kina from 110.3m kina.

Mr Dick Carter, chief executive of the company, said yesterday the result was satisfactory considering generally buoyant gold and copper prices.

The gold and copper deposit at Ok Tedi is one of the world's biggest – but the mine is also extremely remote, situated in virgin rain forest oear the Irian-Java border. The base town of Tabubil is connected by a company road to Kiunga on the Fly River, an 800 km river and sea journey to Port Moresby, the country's capital.

So far the mine has soaked up US$1.4bn of investment. A hydro-electric power statioo came on stream in April, and new milling plant which will double capacity to 70,000 tonnes of ore a day comes on stream in October.

Gold production in the first half was 10,558 kg (340,000 ounces), made up of 4,417 kg bullion and 6,141 kg contained in copper concentrate..

The company is owned 30 per cent each by BHP and Amoco of the US, 20 per cent by the Papua New Guinea Government, 7.5 per cent each by West Germany's Degussa and Metallgesellschaft groups, and 5 per cent by the state-owned West German Development Company.

● The Perth-based Australian Consolidated Minerals forecasts gold output of almost 250,000 oz in caleodar 1989 from a current annual rate of less than 100,000 oz, ranking it among Australia's top six producers, Our Financial Staff adds.

Bank of East Asia well ahead

By David Dodwell in Hong Kong

BANK OF East Asia, Hong Kong's largest family-cootrolled bank, yesterday reported consolidated profits of HK$79.3m (US$10.2m), after tax and transfers to inner reserves, for the six months to June, a 15.2 per cent improvement on profits of HK$68.8m at the interim stage last year.

The result was in line with most market expectations, and is likely to be seen as an indicator for Hong Kong's entire banking sector. Bank of East Asia, controlled by the Li family, is the first of the territory's main banks to reveal interim results.

Precise assessment of bank performances in Hong Kong is confounded by the practice of transferring undisclosed sums to inner reserves, the size of which are never revealed. At Bank of East Asia, transfers during the first half of 1988 are likely to have been substantial. Enhanced earnings from a share placement last autumn ought alone to have accounted for the entire first-half profits increase.

Hong Kong banks have been buoyed over the past 18 months by strong earnings from trade finance, a house-buying boom encouraged by low mortgage interest rates, and fast-rising levels of consumer spending. With inflation in Hong Kong running at an annual rate of about 8 per cent, and government forecasts of 7 per cent real growth in gross domestic product seen as conservative, corporate profits growth of 15 per cent should be undemanding.

The bank is raising its interim dividend from 21 cents to 25 cents, which gives earnings per share, adjusted for a bonus issue in March, of 44 cents against 42 cents.

Dainippon Pharm to cut payout after flat result

By Our Tokyo Staff

DAINIPPON Pharmaceutical, a medium-sized Japanese drugs company, yesterday reported a negligible increase in pre-tax profits in the year to May and warned that profits were likely to drop in the current year. The annual dividend is being cut from Y8.5 a share to Y7.5 and is to fall further to Y6.25.

Like other Japanese pharmaceutical companies, Dainippon is being squeezed by government-imposed price cuts on drugs supplied to the public health service.

Dainippoo's profits rose just 1 per cent to Y12.1bn ($91.7m) pre-tax on a 4.7 per cent increase in sales to Y87.1bn. The company said profits in the current year would fall 18 per cent to about Y10bn.

The company is suffering from a decline in sales for some products, compounded by increases in promotional and administrative costs.

BICC Australia unit 51% up

METAL MANUFACTURES, the 55 per cent Australian subsidiary of the UK's BICC, yesterday reported a 51.1 per cent rise in net profit to A$24.45m (US$19.85m) for the first half to June from A$16.18m, Reuter reports from Sydney.

Sales jumped 60.1 per cent to A$650.8m from A$406.4m, and earnings per share rose to 13 cents from 10.7 cents. The interim dividend is 8 cents, up by 1 cent.

Mr Fred Heinrichs, chairman, said construction activity was strong.

INTERNATIONAL CAPITAL MARKETS

Three issues add to glut in Japan warrant sector

By Haig Simonian

THREE ISSUES yesterday brought no respite to beleaguered dealers in the crowded Japanese corporate equity warrant market.

Largest of the day's crop was the $300m deal for Sumitomo Metal Mining, guaranteed by Sumitomo Bank, and led by Daiwa Europe. Held over from last week, the four-year deal, with an indicated coupon of 4 per cent, is priced at par.

Its trading level of around 97 was appreciably better than some of much lower levels seen of late. But, as dealers said, even that was disappointing for a first-class borrower in an attractive sector guaranteed by a triple-A bank.

Yamaichi International brought a $200m equity warrant deal for Tobu Railway, a Japanese regional railway concern with interests in road transport and property. Paying an indicated 4¾ per cent, the five-year paper is priced at par.

Nothing could illustrate the present glut better than the difference in trading levels between the present deal, which was quoted by the lead manager at around 97-98, and the performance of the same borrower's first issue last year, which saw trades at around 105 bid.

Matsuyadenki, a Japanese electrical retailer, issued the smallest of the day's equity warrant deals with a $70m five-year par-priced transaction guaranteed by Kyowa Bank and led by New Japan Securities.

Previous indication for five-year deals have been around 4⅝, so the increase in the present indicated level to 4¾ may imply some recognition of the current difficulties in placing paper.

Philip Morris Credit, a financing vehicle for the tobacco giant, issued a $100 9¼ per cent 1998 deal led by Bankers Trust International. Priced at 101⅝, the non-callable paper

INTERNATIONAL BONDS

was directed principally at Swiss and Benelux retail investors, as reflected in the management group.

The issue is a follow-up to the borrower's Canadian dollar deal some weeks ago, and its pricing indicates the strong retail recognition of what remains a single-A rated name. The issue was quoted at less 1⅝ bid, with signs of some support from the lead manager.

Austria tapped the Canadian dollar market with a C$250m deal led by J.P. Morgan Securities. Increased from an original C$200m, the three-year paper pays 10 per cent and is priced at 101. Set at 25 basis points over Canadian Treasury bonds, the deal was said to be trading very well and closed for the day quoted less 1.10.

Avco Financial Services issued a C$75m five-year deal guaranteed by the parent company and led by Wood Gundy. Paying a coupon of 11 per cent, the non-callable paper, which is priced at 101¼, was trading at less 1.90 bid.

In European currencies, Helaba Luxembourg issued a DM75m five-year bond, led by Hessische Landesbank Girozentrale. Paying 5⅝ per cent and priced at 100¼, the issue was said to be trading well and largely placed with regional savings banks.

Swiss franc new issues were led off with a 12-year SFr175m issue for Ente Ferrovie dello Stato, guaranteed by Italy. Led by S.G. Warburg Soditic, the par-priced issue, with a 4¾ coupon, was raised partly to pre-pay an earlier SFr75m floating rate note.

Credit Suisse led a SFr80m convertible bond for Sunstar, the Japanese cosmetics and personal hygiene group. The five-year paper has an indicated coupon of ¼ per cent and is priced at par.

Sata Construction, a Japanese builder, issued a SFr50m privately placed convertible, also with an indicated ¼ per cent coupon, and led by Swiss Bank Corporation. The five-year transaction is priced at par. The bank also led a similar-sized privately placed five-year convertible for Hotel New Hankyu, with an indicated coupon of 1¾ per cent and priced at par. This is the highest coupon for a convertible recently and reflects the fact that there is no put option.

Finally in Ecus, Oesterreichische Kontrollbank made its debut with a Ecu100m five-year deal, guaranteed by the Republic of Austria and led by Merrill Lynch Capital Markets. Paying 7⅝ per cent, the paper is priced at 101½.

Spanish state oil group ahead strongly

By Our Financial Staff

REPSOL, THE Spanish state oil company which plans to go public shortly, reports sharply increased profits for the first half of 1988.

At the pre-tax level, profits rose to Pta47.45bn ($389,000) from Pta27.77bn in the first half of 1987. Cash-flow increased to Pta70.41bn from Pta53.15bn.

However, Repsol said it was not expecting the interim rate of increase to be sustained for the whole year. "The first six months are always better . . . we expect to increase our profits substantially but that does not mean we are going to double our 1987 results."

The company stressed that a realistic profits forecast would be for a pre-tax profits return of around Pta60bn to Pta70bn.

Repsol made pre-tax profits of Pta57.46bn in 1987 on sales of Pta885.85bn.

The company said the main area of increased profits in the first half was in petrochemicals such as plastics, boosted by strong domestic demand.

Bond future for German options exchange

By Andrew Fisher in Frankfurt

WEST GERMAN plans to set up a traded equity options market remain on target for end-1989 and will be beefed up to include a futures contract on German government bonds to compete with the rival instrument due to start trading in September on the London International Financial Futures Exchange (Liffe), Mr Rolf Breuer, a director of Deutsche Bank, said.

"We do not yet fear the London competition," said Mr Breuer, who heads the special stock exchange committee under which the futures and options market, or Deutsche Termin Börse (DTB), is being developed. "They have got to show what they can do."

He recalled that Liffe set up futures in Japanese government bonds with minimal results.

After a spectacular start, turnover in Liffe's Japanese bond contract has been disappointing. However, the exchange has since taken the unprecedented step of appointing 16 "designated brokers" from among its members, which are committed to marketing its new contract actively before launch and maintaining a presence in the trading pit for a minimum period of three months from the launch date to avoid a repetition of the same problem.

Work on setting up the German market has been based on options contracts in 14 German shares. A special company, DTB GmbH, grouping leading German banks and credit institutions, has been formed with capital of DM10m. Software will be bought from Soffex, the Swiss Options and Financial Futures Exchange, for SFr13m.

The total cost of setting up the German options market will be around DM60m ($32m), as originally planned, said Mr Breuer. It would be able to break even at around 10,000 contracts a day.

Studies will start shortly on government bond futures and on index futures based on the new Deutsche Aktienindex (DAX), a real-time index based on 30 leading shares quoted in Frankfurt, the biggest of the country's eight stock markets. In view of the planned Liffe contract, said Mr Breuer, work on financial futures was "urgently necessary."

Mr Breuer said he expected the legal changes to permit the establishment of the DTB to start passing through parliament in draft form after the summer break, somewhat later than first planned.

Noting that the Government had promised the necessary amendments to the stock exchange Law, he commented: "It would be a catastrophe if the legislators let us down." That would spell the end of the project – "there is no hedge against this."

Government promises affecting Germany's financial markets have not always been fulfilled, however. The Bonn cabinet has not abolished the Börsenumsatzsteuer (stock exchange turnover tax) and Mr Gerhard Stoltenberg, the Finance Minister, startled commercial and central bankers with his plans for a withholding tax on most savings and investments next year.

Mr Breuer said he hoped to obtain a ruling from the Federal Banking Supervisory Office in West Berlin on another outstanding point: namely whether planned amendments to the credit law would limit banks' maximum open positions and thus hinder options and interest rate futures.

"This is still open," he commented. The danger that the proposed changes could seriously limit banks' operations in futures and options has been seen by some German bankers as a much more serious threat to the DTB than any competition from markets abroad.

Sears facility lifted to £290m

By Our Euromarkets Staff

A SEVEN-YEAR multiple option facility (MOF) for Sears, the UK retail group, syndicated by Kleinwort Benson earlier this month, has been increased to £290m from the £200m originally indicated.

The borrower is Sears Securities and the guarantor is Sears Plc. The four largest UK clearing banks and a group comprising 27 other UK and international commercial banks will participate in the facility, which will be used for general corporate purposes and for refinancing.

Spain picks Merrill

MERRILL LYNCH has been appointed arranger for Spain's $1bn medium-term note programme in the US market this year. Goldman Sachs, Merrill, Morgan Stanley and First Boston will be dealers. Merrill said the programme would be launched in November.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 26

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	94⅜	94⅝	+0⅛	-0⅛	9.40
All Nippon Air 9⅜ 97	100	†95	95½	+0⅜	+0¼	10.21
Amer. Brands 8⅞ 92	150	†97¾	98⅜	+0⅛	+0¼	9.50
A/S Eksportfinans 7⅞ 93	100	†92¾	93¼	+0⅛	+0⅛	9.32
A/S Eksportfinans 7⅞ 92	150	†94¾	95¼	+0⅛	+0¼	8.95
Austria 10 98	100	†102⅝	103⅛	+0⅛	+0⅜	9.54
Barc. Bk. Fin. 10¼ 89	200	†101⅜	102⅛	0	+0⅛	8.58
Belgium 9⅛ 92	400	†99⅞	100¼	+0⅛	+0⅜	9.11
British Telecom 7⅝ 96	250	89	89½	+0⅜	+0⅛	9.57
Cal.Natl.Telecom 8⅞ 93	160	†98¼	98⅜	+0⅛	+0⅜	8.89
Canada 9 96	1000	†97¾	98⅛	0	-0⅛	9.36
Canadian Pac 10¼ 93	100	†103	104	-0¼	-0⅛	9.80
C.C.C.E 7⅞ 91	113	†94⅜	95¼	+0¼	+0⅛	8.99
C.C.C.E 9⅜ 95	300	98¼	98½	0	-0⅜	9.57
C.N C.A 7¼ 91	150	†93⅞	94⅜	0	-0¼	9.32
Credit Lyonnais 9 91	200	†100⅜	100⅞	+0⅜	+0⅜	8.79
Credit National 8⅞ 93	200	96⅛	96½	0	0	9.24
Credit National 7⅞ 92	100	94⅜	94⅞	+0⅜	0	9.20
Credit National 7¼ 91	150	†94⅜	95¼	+0⅜	+0¼	9.00
Denmark 7⅞ 92	500	†93⅜	94	+0⅜	+0¼	9.21
E.E.C. 7 91	100	94⅛	94⅜	0	0	8.99
E.E.C. 7¼ 93	250	92½	93	-0⅛	0	9.23
E.E.C. 8 90	350	†98⅞	99⅛	0	0	8.63
E.I.B. 7⅞ 93	100	93	93½	0	0	9.25
E.I.B. 9⅜ 97	150	98⅞	99⅛	0	-0⅜	9.54
Elec. De France 9 98	200	95⅜	95¾	0	0	9.72
Finland 7⅞ 97	200	88⅞	89⅜	+0⅜	0	9.80
Finland 7½ 93	200	†92⅞	93¼	+0⅛	+0⅜	9.27
Finn.Exp.Cd. 8½ 92	200	98⅜	98⅜	0	0	8.97
Ford Motor Credit 0 92	250	97⅜	97⅞	0	0	9.07
Gen Elec Credit 10¼ 00	200	100⅝	101⅜	0	-0⅛	10.11
G.M.A.C. 0 89	250	99¼	99½	0	0	8.74
G.M.A.C. 8¼ 89	200	99¼	100	+0⅜	0	0.09
Halifax BS 9½ 93	200	†99⅞	100⅜	+0⅜	+0⅜	9.46
Hoesch 8¼ 97	100	†93¼	93¾	+0⅜	+0¼	9.36
Italy 9 90	1000	100⅛	100⅜	+0⅛	0	8.77
L.T.C.B of Japan 8 91	100	†97⅞	98⅜	+0⅜	+0⅜	8.72
L.T.C.B. of Japan 0 97	200	88⅞	89⅜	+0⅜	+0⅜	9.99
Merced-Benz Cd. 8½ 93	100	95	95½	+0⅜	0	9.48
Metropolis Tokyo 9½ 93	200	101	101⅜	0	+0¼	9.15
Morgan Guaranty Tst. 7 90	150	97	97⅜	0	0	8.93
Norway 8¼ 93	500	98⅜	98⅞	+0⅜	+0⅜	9.10
Pepsico Inc 7⅜ 93	200	†91¾	92¼	0	-1⅛	9.51
Portugal 8¼ 91	300	†98	98½	+0⅜	+0⅜	8.98
Prudential Crp. 8¾ 94	125	98	98½	+0⅜	0	9.14
Qantas Airways 10¼ 95	140	103⅜	103½	0	-0¼	9.71
Saskatchewan 10¼ 92	100	104⅛	104½	0	0	9.27
State Bk S Aust 9¼ 93	100	99	99⅜	0	-0⅜	9.47
Swed Exp Cred 7¼ 91	100	*†94⅞	94⅞	0	0	9.05
Swed Exp Cred 10 92	100	†102½	103	+0⅛	+0¼	9.10
Sweden 7 91	250	94⅜	95	0	-0⅜	8.99
Sweden 7 92	250	†94	94⅛	+0⅜	+0¼	8.94
Sweden 8¼ 96	200	95½	96	0	-0⅜	9.56
Sweden 8½ 92	200	†98	98½	0	-0¼	9.03
Victorian Rep 11¼ 92	150	106¼	107¼	+0⅛	0	9.31
World Bank 7 92	300	*†94⅜	94⅞	0	-0⅜	9.00
World Bank 9 97	300	96¼	97¼	0	0	9.51
Yasuda Trust Fin 8½ 93	100	96⅛	96⅜	0	+0⅜	9.45

Average price change... On day +0 on week +0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	99⅜	99⅞	-0⅜	-0¼	6.09
Avis Fin.SVS 5⅞ 92	100	†100⅛	100⅜	-0¼	0	5.75
Bank of Tokyo 5¾ 95	100	†100⅜	101	0	-1⅛	5.55
Central BK. Turkey 7 92	200	†102⅞	103⅜	+0⅛	0	6.12
Commerzbank o/s 5⅜ 93	300	†98¼	99¼	+0⅜	-0½	5.63
Degussa Int 6⅜ 97	200	98⅞	99⅜	-0⅜	-0⅜	6.24
E.I.B 5½ 98	150	96⅛	96⅜	0	+0⅛	5.98
E.I.B 6 97	300	97¾	98½	-0½	-0⅜	6.28
E.I.B. 6⅜ 96	500	98⅜	99⅜	-0⅜	-0⅜	6.33
E.I.B. 6⅜ 97	400	98¼	98⅞	-0⅜	-0⅜	6.35
E.I.B. 6⅞ 95	300	102⅜	103⅜	-0⅛	-0⅞	6.34
Euro.Coal & Steel 5⅞ 97	175	96	96⅜	-0¼	0	6.43
Eurofima 6⅛ 96	100	100⅛	100⅞	0	+0⅜	6.17
Elec De France 5¼ 97	500	95⅜	96⅜	0	-0½	6.31
Forsmark Krtg. 5¼ 93	200	97⅜	98¼	-0⅞	-1¼	5.62
I.A.D.B. 6 97	200	96¼	97½	0	-0⅛	6.43
Japan Dev. Bk. 5⅜ 95	300	†96¼	97¼	0	0	5.97
Japan Finance 5¼ 97	100	94½	95¼	-0⅜	-0⅜	6.54
Ireland 6½ 97	300	†98¼	99¼	0	-0½	6.65
Korea Dev BK 6⅜ 93	100	101⅜	102¼	0	-1½	6.13
Malaysia 6¼ 94	150	99	99⅜	0	+0⅜	6.38
Nat. West BK PLC 6 98	300	95¼	95¾	-0⅜	-0½	6.64
Oestert. Kombk. 5 93	300	97	97¼	0	-0⅜	5.67
Portugal 5¾ 92	150	99⅞	100¼	-0¼	-0¼	5.68
Portugal 6⅜ 95	150	101¼	102⅜	0	-0¼	6.31
Privatbanken 5¼ 93	150	98¼	98⅜	0	-0¼	5.62
Royal Insurance 5½ 92	300	†99⅜	99⅞	+0⅜	-0⅜	5.60
Soc Cent Nuclear 7¼ 95	150	103¼	104	+0⅜	+0⅜	6.58
Turkey 6⅜ 95	500	†97¼	97¾	-0¼	-0¼	6.97
Westlb. Finance 5 93	200	†99¼	99⅜	0	0	5.18
World BK. 6¼ 97	600	99	99⅜	-0⅛	+0¼	6.38

Average price change... On day -0⅜ on week -0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5¼ 96	100	†102	102½	0	0	5.27
Asfinag 5 02	150	†99⅞	100	-0¼	+0⅜	5.02
Bk. Fran Econ. Ustr 5 98	100	†100	100½	0	0	4.96
Bayer W/W 2¼ 02	250	*†99	99⅜	0	-0½	2.57
Bayer Vrmbk Os.4¼ 98	100	†98⅜	99	-0⅜	+0⅝	4.91
Elec. De.France 5 07	100	†98½	99	+1⅜	-0¼	5.10
E.I.B 4¾ 97	200	†100	100⅜	+0⅜	+0⅜	4.71
E.I.B 4¾ 97	200	†98¼	98¾	+0⅜	+0¼	4.82
Esso Gutzert 5 99	100	†100	100⅛	-0⅛	+0⅜	4.97
Ireland 5 02	150	†97⅜	98	+0⅜	-0⅜	5.23
Nippon Suis.Kaha.4⅜ 93	80	†102¼	103	-0⅛	+1⅜	4.02
Occidentl.Petrol 5⅜ 92	100	†102¼	103	0	-0⅜	4.84
Prov of Manitoba 4¾ 02	200	†99⅜	100	0	+1⅜	4.76
Prudential Fin 4⅞ 98	200	†98⅜	98⅞	-0⅛	+0⅜	4.95
Qantas Airways 4⅞ 97	110	†97½	98	0	+0⅜	5.06
Trans-Can Pipe 4⅞ 94	100	*†99⅞	99⅞	0	+1⅜	4.89
Usfrg. 5½ 96	120	†102¼	103¼	-0⅛	+0⅜	5.00
Victoria Pub.Ath.5⅜ 03	118	†99½	100	+0⅜	-1¼	5.40
World Bank 5 02	200	†99¼	99½	+0⅛	+0⅛	5.06

Average price change... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	100⅞	101⅜	+0¼	+0⅜	5.11
Belgium 4⅜ 94	45	95⅞	96¼	0	+0½	5.44
Canada 4⅜ 92	80	97⅜	97⅜	0	+0⅜	5.06
Elec. De France 5⅜ 94	20	98⅞	99⅞	+0⅛	+0⅜	5.33
Ireland 5⅜ 93	30	99⅜	100⅛	+0⅜	+0⅜	5.15
Norway 5⅜ 95	50	98⅜	98½	+0⅛	+0⅝	5.42
Rep. of Italy 5¾ 92	150	102¼	102½	0	+0¼	5.00
Sweden 4⅞ 95	50	97¾	97⅞	+0¼	+0⅛	5.22
World Bank 5½ 92	50	101⅜	102	0	+0¼	4.98

Average price change... On day +0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS 10¼ 93 £	50	98⅜	99⅜	0	+0⅜	10.54
Alg. Bk. Ned. 5⅜ 92 FL	150	99⅜	100⅜	-0⅜	0	5.57
Amro Bank 6¼ 92 FL	150	100¼	101⅛	0	+0¼	5.96
Barc. Aust. 14 91 AS	20	101⅛	101⅜	0	0	13.39
Barc. Bk. 10¼ 97 £	250	96⅜	96⅜	-0⅜	+0⅛	10.86
BP Capital 9¾ 93 £	100	97⅜	97⅞	0	+0⅛	10.46
British Airways 10 98 £	100	94¼	95¼	+0⅜	+0⅜	10.84
C.I.B.C.Mort.10⅜ 93 C$	100	†100¼	100⅜	+0⅛	+0½	10.57
Coop.Ctr.Rabo.6¼ 93 FL	100	100⅜	101⅜	0	-0¼	6.01
Coop.Ctr.Rabo.6 92 FL	200	100⅜	100⅞	-0⅜	+0½	5.81
Denmark 7¾ 92 ECU	100	100½	101	-0⅛	-0⅛	7.47
Deutsche Bank 9⅞ 97 £	75	†95	95½	0	0	10.72
Deut.Bk.Aust.12⅜ 95 AS	70	99⅜	99⅞	0	+0⅜	12.80
E.I.B 10⅛ 98 C$	130	†98⅜	99¼	+0⅛	+0¼	10.29
E.I.B 8⅝ 93 LF	10	†101	102	0	0	8.19
Elec.France 10¼ 95 C$	125	†99¼	100¼	+0¼	+0⅜	10.24
Euratom 7⅜ 97 ECU	145	95⅜	95¾	-0⅜	-0⅜	8.10
Eurofima 7½ 92 FL	50	†105	105⅜	-0¼	-0¼	5.86
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†99⅜	99¼	+0⅛	+0⅜	9.95
Ford Cr.Can.10¼ 95 C$	100	†101	101⅜	-0⅜	-0⅜	10.35
Gillette Can. 9⅞ 93 £	70	94⅜	94⅞	+0⅜	+0⅜	11.08
G.M.A.C. 9⅞ 93 C$	150	†97⅜	97⅞	0	-0½	10.38
G.M.A.C. 9¼ 92 C$	75	†99¼	100¼	0	0	9.23
G.M.A.C Aus.Fin.14 90 AS	50	100¼	101⅛	0	0	13.38
Halifax BS 10⅜ 97 £	100	97	97½	-0⅛	+0¼	10.86
Heineken NV. 6½ 91 FL	150	†101½	102¼	0	+0⅜	5.66
Imp Chem Inds 10 03 £	100	95⅜	96⅜	-0⅜	+1½	10.53
Inv.Industry Int.10 93 £	60	97⅜	98⅜	0	+0⅛	10.57
Lloyds Bank 10⅜ 98 £	150	94⅜	95¼	-0⅛	+0⅝	11.12
Mtge.Bk.Den 6⅜ 91 FL	100	102	102¼	0	+0¼	5.72
Nat.Australia 14 92 AS	50	100¼	101⅛	0	-0⅜	-0.11
Nat. West.Bk.13⅜ 92 AS	50	†99¼	99⅜	0	-0⅜	13.23
Nationwide BS 10⅛ 93 £	75	97⅞	98⅜	0	+0⅜	10.62
Ned.Midd.Bank 6 92 FL	150	100⅜	100¾	0	+0⅜	5.87
New Zealand 9½ 93 £	100	95⅜	96⅜	0	+0⅜	10.62
New Zealand 7¼ 93 ECU	200	100⅜	100¼	-0⅛	0	7.60
Oesters.Ktbk.13⅝ 94 AS	75	101⅞	102⅜	0	-0⅜	13.08
Prudential Fin.9⅞ 07 £	150	88½	89¼	-0⅛	+0¼	10.79
Royal Bk.Scot.10⅝ 98 £	125	97⅜	97⅜	-0⅛	+1	11.13
S.O.R. 7¼ 95 ECU	90	99⅜	99½	-0⅜	+0¼	7.89
Wstd.Lb.Fin. 12½ 93 AS	50	†99½	100	0	+0⅜	12.53
World Bank 5¾ 92 FL	100	100⅝	101⅜	+0¼	0	5.43
World Bank 13⅜ 92 AS	100	†100½	101	0	0	13.12

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.00	99.32	99.37	21/07	8.33
Belgium 91 US	0	100.23	100.33	22/08	7
Britannia 5 93 £	0⅛	99.61	99.66	10/10	10.37
Chase Manhattan Crp.91 US	0⅛	99.29	99.47	22/08	6.94
Citicorp 98 US	†0¼	96.75	97.00	31/08	7.69
EEC 3 92 DM	†0	100.33	100.43	22/08	3.56
Halifax BS 94 £	.1	99.65	99.70	9/08	8.47
Invt. In Industry 94 £	0	99.43	99.53	24/08	7.81
Leeds Perm. B/S. 94 £	0⅛	99.82	99.87	13/01	10.44
Midland Bank 01 £	.1	94.62	95.62	11/08	8.54
Milk Mkt.Brd. 5 93 £	0⅛	99.51	99.56	30/09	10
New Zealand 5 97 £	.07	99.92	100.02	18/08	7.81
New Zealand 5 01 US	0	99.87	99.97	4/08	6.98
State Bk. Nsw. 98 US	.188	100.46	100.56	11/08	7.09
United Kingdom 5 92 US	*†0	100.06	100.06	7/01	7.81
Woolwich Equit. BS. 93 £	0⅛	99.50	99.55	15/07	5.12
Woolwich 5 95 £	0⅛	99.28	99.33	19/08	7.87

Average price change... On day -0.01 on week +0.01

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	102⅞	103⅞	+0¼	26.29
Alco Health 6¼ 01 US	†7/86	26.25	110¼	111½	+1½	0.47
Amer. Brands 7¾ 02 US	9/87	56.7	100⅜	101⅜	-0⅜	21.69
Ashikaga Bank 2⅜ 02 US	4/87	967.	128⅜	129⅞	+2	-0.81
Asics 5 92 DM	12/83	472.7	199¼	200⅜	-0⅛	5.14
CBS. Inc. 5 02 US	4/87	200.	89⅜	90⅜	+0⅜	15.41
Fujitsu 5 99 US	5/84	1106.	274½	275½	+1	-1.90
Kinki-Sogo Bk.2⅜ 03 US	4/88	1069.	122⅜	124	-0⅜	0.59
Land Secs. 6⅜ 02 £	6/87	6.72	94⅜	95¼	-0⅜	16.25
MCA INC 5½ 02 US	9/87	69.62	80⅜	81⅜	0	35.08
Minolta Camera 2⅜ 94 DM	2/86	1004.	101⅜	103⅜	-0½	16.27
Mitsubishi Bk.1⅜ 02 US	9/87	3157.	105	106⅜	-0⅜	5.10
Mitsui trust 2⅜ 01 US	10/86	1903.	117⅜	119⅜	-2⅜	-2.57
Next PLC 5⅜ 05 £	11/87	4.3	100⅜	101⅜	0	82.25
Nishi Nipp.Bk.2⅞ 03 US	4/88	804.	114⅜	115⅜	+0⅜	4.00
Omron Tateisi 2⅜ 02 US	4/87	1310.	224⅜	226⅜	+6	1.81
Primerica 5½ 02 US	†4/87	66.75	65⅜	66¼	-0⅜	77.33
Ranks Hovis 4⅜ 03 £	†1/88	3.5	132½	133⅜	0	-0.32
Redland 7¼ 02 £	1/87	5.4	89⅞	90⅞	+0⅛	15.92
Saatchi&Sthi.6⅜ 03 £	†10/89	4.41	99½	100¼	0	22.69
Texas Inst. 2⅜ 02 US	9/87	82.87	76⅜	77⅜	+0⅛	46.10
W.R. Grace 6¼ 02 US	9/87	42.12	84⅜	85⅜	-0⅜	39.80

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES AND FINANCE

De Savary unveils terminal plans

By Kevin Brown and Nikki Tait in London

MR PETER de Savary yesterday announced plans to spend at least £55.75m ($96m) to establish a container and bulk handling terminal on a greenfield site in Kent. The development will be carried out by Highland Participants, the ports and shiprepair group controlled by Mr de Savary.

In a separate development, talks on a £300m merger between LandLeisure, the property and leisure group where Mr de Savary is deputy chairman, and J. A. Devenish, the West Country brewer, were discontinued by mutual consent.

Mr Michael Cannon, chairman and chief executive of Devenish, indicated that the Devenish family, which controls more than a third of the company's shares, was unhappy about the pace of events and associated press comment.

Highland said its proposed terminal, on the Isle of Grain, near Rochester, would compete with Felixstowe, the UK's biggest container port, and Rotterdam, which tranships a significant proportion of the UK's inbound container trade.

Highland also announced the purchase of the small port of Boston, Lincolnshire, from the local authority for £3.25m, and proposals to invest £8m in its existing port facilities in Falmouth, Cornwall, and Manisty Wharf and Neath in Wales.

Mr de Savary said the investment programme would be financed through a £25m medium-term bank loan from Standard Chartered, and a five-for-four rights issue, underwritten by Charterhouse Bank, to raise £42m, after expenses, at 230p per share.

Highland's shares, which trade on the Unlisted Securities Market, were suspended at 274p before the announcement. They closed last night at 268p. The group is forecasting pre-tax profits of £3.5m this year compared with £811,000 last year.

The Isle of Grain terminal would be constructed on 160 acres of a 214 acre site acquired for £12m from British Petroleum. The site, formerly a BP oil refinery, has a 2,500 feet frontage on the River Medway with three deep-water jetties.

Mr de Savary said the project was "a great deal" which could contribute up to £20m to Highland's pre-tax profits by 1993.

Mr Geoffrey Parker, Highland's managing director, said the port was expected to have the capacity to handle around 500,000 standard containers per year by 1993. This is about 10 per cent of existing UK container traffic, and just under half the capacity of Felixstowe.

Mr Parker said Highland expected the Isle of Grain to take most of the forecast growth in UK container traffic of 3 per cent per year. The port will be outside the statutory Dock Labour Scheme, and has existing rail and motorway links to London.

Peter de Savary: strong competition expected

However, Highland will face strong competition from Rotterdam and Felixstowe, on the Suffolk coast in eastern England, which recently won parliamentary approval for a major expansion programme.

The proposed bulk terminal is intended to capture the market for imported coal which is expected to develop after the privatisation of the UK electricity industry.

Highland said 54 acres of the site would be developed as an industrial estate. Detailed planning permission for the site is required, however.

The Isle of Grain project is part of a strategy intended to move Highland away from the oil and gas industry, and towards shipping services and land development.

The breakdown of talks between LandLeisure and Devenish came only a day after both companies asked for their shares to be suspended while discussions continued.

Mr Cannon said press speculation had forced the companies to ask for the suspension when talks were still at an early stage. The two companies had got as far as discussing the board composition.

Devenish had seen both geographical synergy and advantages in linking LandLeisure's property skills to the brewing group, which takes in over 350 public houses in the south and centre of England.

Mr de Savary also said the time constraints had proved unhelpful, and suggested that it had not been easy to construct a deal so that both sides benefited. "If two plus two only make four, we don't see it constructively for our shareholders," he said.

NORTH AMERICAN QUARTERLY RESULTS

ALBERTO-CULVER
Toiletries

	1987/8 $	1986/7 $
Third quarter		
Revenues	154.1m	132.7m
Net income	7.01m	5.23m
Net per share	0.53	0.37
Nine months		
Revenues	439.5m	370.2m
Net income	18.7m	12m
Net per share	1.37	0.85

AMERICAN PETROFINA
Oil and gas

	1988 $	1987 $
Second quarter		
Revenues	658.3m	610.4m
Net income	34.4m	28.7m
Net per share	2.60	2.18
Six months		
Revenues	1.26bn	1.19bn
Net income	64.8m	48.5m
Net per share	4.91	3.68

BRUNSWICK
Marine, recreational products

	1988 $	1987 $
Second quarter		
Revenues	889m	819.4m
Net income	78.9m	57.5m
Net per share	0.90	0.65
Six months		
Revenues	1.76	1.52bn
Net income	132.9m	92.2m
Net per share	1.50	1.04

BUDGET RENT A CAR
Car rental

	1988 $	1987 $
Second quarter		
Revenues	117.3m	97.9m
Net income	4.2m	3.8m
Net per share	0.38	0.34
Six months		
Revenues	228.6m	199m
Net income	4.8m	5.9m
Net per share	0.43	0.53

CASTLE & COOKE
Fruit and vegetables

	1988 $	1987 $
Second quarter		
Revenues	600.9m	468m
Net income	37.6m	28.4m
Net per share	0.74	0.48
Six months		
Revenues	1.14bn	865m
Net income	62.2m	49.3m
Net per share	1.05	0.79

CHAMPION SPARK PLUG
Spark plugs, etc.

	1988 $	1987 $
Second quarter		
Revenues	182.3m	181.8m
Net income	4.8m	7.6m
Net per share	0.14	0.15
Six months		
Revenues	387.4m	377.7m
Net income	12.1m	14.6m
Net per share	0.34	0.29

COMMONWEALTH EDISON
Utility holding company

	1988 $	1987 $
Second quarter		
Revenues	1.19bn	1.33bn
Net income	97.1m	221m
Net per share	0.34	0.94
Six months		
Revenues	2.39bn	2.59bn
Net income	250.5m	422.7m
Net per share	0.88	1.80

CONSOLIDATED FREIGHTWAYS
Road haulage

	1988 $	1987 $
Second quarter		
Revenues	650.4m	559m
Net income	23.7m	20m
Net per share	0.62	0.51
Six months		
Revenues	1.27bn	1.09bn
Net income	40.5m	37.6m
Net per share	1.07	0.97

CONTROL DATA
Computers

	1988 $	1987 $
Second quarter		
Revenues	952.7m	785.9m
Op net income	7.9m	¶5.6m
Op net p/shr	0.23	¶0.14
Six months		
Revenues	1.85bn	1.61bn
Op net income	14.3m	800,000
Op net p/shr	0.34	0.01

¶ Loss

COOPER INDUSTRIES
Industrial, consumer products

	1988 $	1987 $
Second quarter		
Revenues	1.05bn	895.2m
Net income	60.4m	45.4m
Net per share	1.19	0.91
Six months		
Revenues	1.97bn	1.69bn
Net income	92.6m	73m
Net per share	1.82	1.47

FAIRCHILD INDUSTRIES
Aerospace

	1988 $	1987 $
Second quarter		
Revenues	132.2m	112.7m
Net income	10.2m	18.9m
Net per share	0.57	0.97
Six months		
Revenues	262.3m	218.8m
Net income	15.6m	22.1m
Net per share	0.81	1.11

FOSTER WHEELER
Process plant equipment

	1988 $	1987 $
Second quarter		
Revenues	282.5m	331.4m
Net income	7.6m	3m
Net per share	0.22	0.09
Six months		
Revenues	528m	631.1m
Net income	16.8m	13.8m
Net per share	0.48	0.40

FOXBORO
Instrumentation equipment

	1988 $	1987 $
Second quarter		
Revenues	135.3m	120.1m
Net income	2.25m	¶6.1m
Net per share	0.18	n/a
Six months		
Revenues	269.2m	237.2m
Net income	3.23m	¶14.2m
Net per share	0.26	n/a

¶ Loss

National Westminster cuts debt provision but fall in domestic profits worries City

By David Barchard

NATIONAL WESTMINSTER, the largest British clearing bank, yesterday signalled the end of the period in which it has had to battle with Third World debts.

Pre-tax profits reached £702m for the six months ending on June 30, compared with £251m for the same period of 1987 as the provision for problem-country debt fell from £496m to £6m during the same period.

However, the City gave only a qualified welcome to the results, noting that profits on domestic operations were below last year's levels.

Profits on domestic banking were £477m compared with £535m a year ago. These included £30m from gilt transactions. National Westminster Home loans, the bank's mortgage arm, made profits of £47m, 27 per cent more than a year ago.

The dip in the profitability of domestic operations reflects rising personnel costs and suggested to some City analysts that NatWest might be losing market share to some of its rivals, particularly Barclays.

Mr Tom Frost, group chief executive, said the bank's personal lending was growing by around 25 per cent annually, well below the level of NatWest's rivals, as it wanted to proceed cautiously during the current consumer credit boom.

"The underlying trend is upwards" he said. "We have opened 20,000 new special reserve accounts alone this year".

International banking operations moved from a £370m loss last time into a profit of £142m, including a contribution of £42m from the bank's American subsidiary National Westminister Bankcorp, which was formed in February this year after its acquisition of First Jersey National Corporation.

The group's investment banking operations, which reported a £116m loss at the end of last year, had greatly reduced loss of £10m in the first half of this year, better than the market had expected. Merchant bank functions of County NatWest, the group's investment banking arm, are said to be profitable.

The group's related banking services division reported a slight slowdown in profit growth, with pre-tax profits up from £84m a year ago to £93m at the end of June. Of this, Lombard North Central, the group's finance house, contributed £58m (£48m) and National Westminster Insurance Services, its insurance broker, added £14 (£12m).

Total income for the group rose by 15 per cent from £2bn £2.3bn. Total debt provisions were £126m (£564m), with problem-country debt provision down to £6m (£496m).

The group's equity to total assets ratio is 4.9 per cent (5.6 per cent) and post-tax return on average total assets was 0.9 per cent (0.4 per cent).

Earnings per share were 59p (20p) and an interim dividend of 9.25p (8p) has been declared.

See Lex

PROFITS BREAKDOWN

	Half-year to June 30 1988 £m	1987 £m
The Bank	370	393
Less: Dividends from associates	2	4
	368	389
Subsidiaries' Results:		
International Westminster Bank	78	(214)
Lombard North Central Group	58	48
National Westminster Bancorp	42*	(104)
National Westminster Home Loans	47	37
NatWest Investment Bank Group	(10)	2
Ulster Bank Group	24	20
National Westminster Insurance Services	14	12
Coutts Group	7	6
HandelsBank NatWest (Zurich)	2	6
Isle of Man Bank	7	8
Other	3	9
	272	(172)
The Bank and subsidiaries	640	217
Associates	62	34
Group profit before taxation	702	251

* Includes £3m, after amortisation of goodwill, in respect of National Westminster Bancorp NJ (formerly First Jersey National Corporation) acquired on February 1 1988.

Baldwin £7.7m acquisitions

By Clare Pearson

BALDWIN, PREVIOUSLY a shell concrete, brick and property group, is moving into tour operating as well as expanding its printing interests with three acquisitions for an aggregrate £7.65m, to be satisfied in shares.

The moves into leisure, property and printing form part of a strategy to build Baldwin into a mini-conglomerate, begun last October with the purchase of Snow's, a specialist printer. This was after a consortium of investors, headed by Mr David Landau, chairman, took control of Baldwin in May 1987.

Mr David Barclay and Mr Frederick Barclay, hoteliers, are the vendors of tour operator Keyline, and will take a minimum 21 per cent equity stake in Baldwin.

Newnorth, a Bedford-based printer of magazines, brochures and booklets, is being bought for £2m. In the year to end-July 1987, it made pre-tax profits of £236,000

The consideration for Keyline is £3.9m. It has warranted pre-tax profits of £350,000

Starvillas, which sells villa holidays in the Mediterranean and the Canary Islands, is being bought for £1.75m, and there is a maximum deferred consideration of £2.25m.

New shares issued to finance the acquisitions will represent about 40 per cent of the enlarged share capital. Of these, 3.45m will be retained by the vendors, and directors have undertaken to take np 324,017.

The balance has been conditionally placed by Samuel Montagu, subject to clawback provisions for existing shareholders on the basis of one-for-4.74 ordinary or deferred shares. The placing price is 150p.

LET raising £50m via pref. placing

By David Cohen

LONDON & EDINBURGH Truot (LET), property and investment gronp, intends to raise £50m through a placing of 50m cumulative redeemable preference shares of £1 each.

The issue proceeds will provide a source of long-term fixed rate funds and will facilitate further expansion of the group. LET has already made property-related acquisitions of about £60m this year.

The shares are redeemable at par in 25 years and carry a net coupon equivalent to 75/100ths of the sum of 2 per cent and the gross redemption yield on a 13.5 per cent Treasury stock 2004/08 on July 26.

The shares have been placed with a range of insitutional investors.

At yesterday's share price of 149p, LET has a market capitalisation of £243m. This excludes the 59m convertable preference shares in issue.

Last year, LET increased pre-tax profit 129 per cent to £34.7m, and controlled a portfolio of investment properties approaching a book value of £260m.

RHM suitor writes to MPs who back referral

By Nikki Tait

AS THE £1.7bn bid battle for Ranks Hovis McDougall simmers on, predator Goodman Fielder Wattie has written to those MPs who backed a Commons motion calling for the takeover to be referred to the Monopolies and Mergers Commission.

Accompanying Goodman's letter, are the two corrections put out by RHM at the request of the Takeover Panel. These refer to statements made by Mr Stanley Metcalfe, RHM's managing director.

Mr Cliff Lyon, Goodman director, says in the letter: "It is obviously important to that you should be kept informed about key developments, and I am, therefore, enclosing copies of the two press releases issued by Morgan Grenfell on behalf of RHM."

Goodman, meanwhile, is believed to have seen the Office of Fair Trading yesterday. The OFT is responsible for making the initial recommendation to the Secretary of State for Trade and Industry, on whether the bid should be referred.

The Australasian food group has also made a small increase in its holding in RHM. Although the market price remains slightly above the offer price of 465p, it has picked np approximately 260,000 shares, taking its stake to about 29.3 per cent.

Last night, RHM announced separately that Mr Tim Howden, former assistant managing director, has been appointed deputy managing director.

No probe into water takeover

THE DEPARTMENT of Trade and Industry annonced yesterday that it had decided not to refer the acquisition of Essex Water Company by Lyonnaise des Eaux, the French water supplier, to the Monopolies and Mergers Commission. The £47m agreed offer went unconditional on Monday, with nearly 89 per cent of Essex's voting stock committed to the Lyonnaise offer.

New stores boost for Wickes

By Vanessa Houlder

WICKES, DIY retailer, doubled its pre-tax profits from £1.68m to £3.36m for the six months to June 30.

The results were boosted by a reduction in interest charges to £1.1m (£1.5m), following a substantial reduction in bank debt remaining from the management buyout, last May. Retail operating profit increased 40 per cent from £3.2m to £4.47m. Turnover increased by 30 per cent to £100.6m (£77.5m).

Mr Henry Sweetbaum, chairman, said that the continued growth in the business was a result of a 10 per cent improvement in the sales of existing stores, combined with the opening of eight new stores and an improvement in product mix.

The company was continuing to develop new products such as conservatories, swimming pools and saunas, which were selling well.

Wickes is now accelerating its expansion programme, with plans to open 15 stores this year. The company has cash of about £25m, following a rights issue in May which raised £28.7m.

Profits from the Belgian and Dutch businesses increased by 29 per cent to £694,000, with a base business growth rate of 7 per cent.

Earnings per share increased from 3.2p to 5.6p. As a result of the the management buyout last May the comparison of profit figures is based on proforma results. An interim dividend of 0.69p has been declared.

● **COMMENT**

Wickes's unorthodox retailing logic continues to charm its customers – and the City. When it sells cheap bulky commodities from expensive sites, Wickes makes np for rock-bottom margins (some 5 per cent below its competitors) by generating sales per square foot miles ahead of its nearest rival. At the same time, it has burnished its reputation by developing its own, highly distinctive products – the latest of which is a £500 DIY sauna. Furthermore, the growth potential for Wickes looks impressive. From its current base of 44 UK stores, there is scope, it reckons, for a total of 250 large and small stores throughout the UK. For the full year, analysts reckon that profits should hit £11.75m. That puts Wickes shares, unchanged at 280p, on a lofty multiple of 17.5. At that level they are well up with events.

P & P up to £3.3m at midway

P & P, a microcomputer distribution company which came to the main market in April, reported pre-tax profits of £3.3m for the six months to May 28 1988. This represented a 74 per cent advance on a restated £1.9m last time.

Turnover rose 48 per cent to £50m (£33.8m) and after tax of £1.2m (£0.7m) earnings per 10p share worked through at 8.8p, a 60 per cent increase on 5.5p last time.

The directors are paying an interim dividend of 1p per share.

Ross Consumer improvement to £535,000

In its first full set of results since joining the USM in June 1987, Ross Consumer Electronics has raised annual pre-tax profits from £511,000 to £535,000 on turnover ahead from £3.98m to £4.26m.

The directors believe that expenditure in the year to March 31 1988 on production facilities and product development place it in a strong position for growth.

The recommended final of 2.3p makes 3.5p for the year. Earnings per 10p share were almost unchanged at 9.5p (9.4p).

Temple Bar grows to £2.1m at half-way

Net profits attributable to shareholders of Temple Bar Investment Trust amounted to £2.13m in the six months to June 30, against £1.75m in the comparable period. Earnings per share were 3.68p (3.02p) basic.

Pre-tax profits rose 14 per cent to £2.80m (£2.54m). The interim dividend is raised from 2.64p to 3.2p.

Colorgraphic issue

COLORGRAPHIC is issuing 1m new ordinary shares by way of a placing and open offer at 220p per share to raise £2.14m net. Shareholders may apply for new shares on a one-for-eleven basis.

UK COMPANY NEWS

Raine makes hostile Ruberoid bid

RAINE INDUSTRIES, bousebuilder and contractor, yesterday confirmed Ruberoid's fears by launching a bostile bid valuing the roofing materials supplier and contractor at about £128m, writes Andrew Hill.

"I'm going to tell them to go to hell," said Mr Tom Kenny, Ruberoid's chairman, yesterday, dismissing the bid as futile.

He said he could muster at least 40 per cent of his group's shares against the approach.

In an official statement last night, Ruberoid condemned the bid as wholly inadequate and advised investors to retain their shareholdings.

Mr Peter Parkin, Raine's chief executive, said his company wanted to add a fourth leg to its operations.

He promised Ruberoid's shareholders dramatic capital and income growtb in an enlarged group and criticised the company's pedestrian management.

"That must be the single largest factor why they have failed to capitalise on the booming building materials market," he said.

Since he joined the company in 1986 Raine bas made six acquisitions, bnt this is the first hostile bid attempt.

In May, Raine picked up 5.3 per cent of Ruberoid, to Mr Kenny's annoyance. The holding was later raised to 5.9 per cent, but the two companies have not met since the stake was acquired.

The offer consists of two new Raine shares and 60p in cash for each Ruberoid share, valuing them at about 256p each. There is also a full casb alternative of 254p per share, fully underwritten by Barclays de Zoete Wedd, Raine's adviser, and a loan note alternative to the cash element of the offer.

Ruberoid shares closed up 43p at 265p, while Raine fell 4p to 98p.

Assuming all the shares are issued, they will represent 45 per cent of the enlarged share capital, roughly halving the Raine directors' 11.5 per cent holding.

Ruberoid bas a contested £12m claim, including interest, against Ernst & Whinney, auditors, over Camrex, acquired in 1983 and since liquidated. The cese should come to court in October. If Raine wins the bid fight it will pay a special dividend to Ruberoid's shareholders assuming the outcome of the Camrex claim is successful, final and binding and payment is received *before December 31 1988.*

Raine, non-executive chairman of which is Mr Nigel Rudd of Williams Holdings, expects to announce pre-tax profits of £13.3m before tax in the year to June 30, on turnover of £190m, compared with £3.77m in 1987-88 on sales of £42.1m. Earnings per share would be 8.4p (4.5p) and the directors expect to pay a total dividend of 3p (1.4p) per share for the year.

Ruberoid's last reported profits – £10.19m before tax for the year to December 31 on turnover of £145m – were at the lower end of City expectations. Samuel Montagu is acting for Ruberoid.

Keeping a weather eye open

Andrew Hill assesses the battle between two different styles

AS CHIEF executive of a former umbrella manufacturer called Raine, Mr Peter Parkin, small-time building contractor made good, is used to puns.

"We believe they are ripe for being Rained on," be said yesterday of his group's bid for Ruberoid, the roofing materials and building products group.

Raine Indnstries already holds 5.9 per cent of its target and the cash and shares offer values Rnberoid at aboot £128m on yesterday's closing prices. But the bid is likely to be vociferously repelled by Ruberoid's chairman, 69-year-old Irishman Tom Kenny, if no-one else.

"It's a futile bid by a futile company," retorted Mr Kenny yesterday, clearly determined that the group he has headed over the last 18 years should not fall to any predator.

Mr Parkin, 41, is stressing the cool logic of the offer which puts Ruberoid on an exit multiple of a little more than 19, assuming a 35 per cent tax charge on the company's 1987 profits.

Certainly his attitude does not seem to be that of the typical corporate raider, although his finance director, Mr John Bancroft, has a background in deal-making which has proved useful in the last two years.

Raine, once the moribund Empire Rib Company, manufacturing the Fox brand of umbrellas, has made six acquisitions since the new management joined, including a £61m agreed bid for Aberdeen Construction Group in October and an unusual assets swap with Evered Holdings in March. Last year Raine toyed with a 23.2 per cent stake in Tilbury Group, construction and housebuilding company, before disposing of it at a £6.3m profit.

Mr Parkin's roots are in building and contracting. From 1972, he headed Wheeldon Brothers, small Yorkshire building contractor, having worked in the building industry since leaving school.

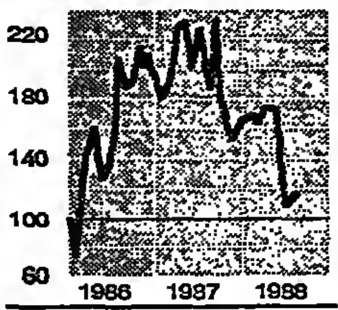
Tempted by the prospect of a move onto the Unlisted Securities Market he was sent back to Yorkshire by City advisers and told to find industry backing. This led to a merger with J.F.Miller, private property investment company, in 1985.

It was at this stage that Mr Nigel Rudd, chairman of Williams Holdings, was persuaded to back Miller Wheeldon in its reverse takeover of Raine, becoming the revitalised group's non-executive chairman in late 1986.

Mr Parkin was attracted by Raine's housebuilding operation. The loss-making umbrella frame business was sold almost immediately and although the steel re-rolling mill has been kept on, it may be sold in the near future. Meanwhile, pretax profits have grown from £130,000 in the year to June 30 1985, before the Miller Wheeldon reverse takeover, to Raine's estimate of £13.3m in 1987-88.

Raine

Share price relative to the Ruberoid share price



A similar desire to expand in the sector Mr Parkin knows best is behind the offer for Ruberoid. It seems likely that if the bid is successful Raine will eventually dispose of Ruberoid's paper, plastics and resins business, and keep the roof contracting and building product divisions, which would also give Raine a stepping stone into Europe.

The quotable Mr Kenny has referred to paper and contracting as Ruberoid's "two black sheep", but argues that there is still great potential in the business, under the current management.

But it is Ruberoid's current management which has acquired a poor reputation in the City. The chairman's insistence in snccessive results statements that wet and windy weather has been to blame for a poor year in the roofing materials division has a certain logic ("How would you like to be sitting on a roof with rain pouring down your back?" he says). But it does not convince analysts.

The company was also held back in the early 1980s by the long-running saga of Camrex. The marine and industrial paint maker was acquired in 1983 for £6m and liquidated in 1985 to scotch claims for compensation from Canadian Pacific Bulkships, which alleged that paintwork on four tankers, carried out by Camrex before Ruberoid took over, was defective. Ruberoid's separate claim for £12m from auditors Ernst & Whinney is still awaiting a hearing in the courts, expected in October.

Inevitably £1.68m of losses at Camrex and subsequent delays in the initial hearing have hung over the groop, but observers do believe the company has a useful niche in the building trade. Profits have grown from £4.83m before tax in 1984, to £10.19m last year, a steady, if unspectacular rise.

Hence the attentions of Raine and the possibility of a counter-bid, if, as seems more than likely, no agreement is reached between the belligerent Mr Kenny and the soft-spoken Mr Parkin. Ruberoid's competitor, Tarmac, is one possible counter-bidder.

BT acquires substantial stake in US paging company

By Hugo Dixon

British Telecom has acquired an 80 per cent stake in Metrocast, a US national paging company, for a total of $27.9m (£16.4m).

Mr John Carrington, chief executive of BT Mobile Communications, said the move took BT's ambition of building a network of international mobile communications companies a step further. It also allowed it to get in on the ground floor of national paging in the US.

One of the first results of the deal will be the provision of a trans-Atlantic paging service, so that people with Metrocast pagers will be able to use them on BT's network in the UK and vice-versa. Mr Carrington said he hoped the service would be extended to the rest of Europe.

The US paging market has developed on a regional basis and Metrocast is one of the few US companies to offer a national service. Instead of owning a national radio licence, it offers affiliates across the US the ability to connect their networks.

It is because Metrocast does not have a radio licence that BT was able to buy it. Under the US Communications Act 1934, foreign companies cannot own radio licences.

BT has paid $6.3m to acquire a 60 per cent stake in Metrocast from Metromedia. This followed a decision by the US competition authorities that Metromedia could not sell the stake to Bell South, a US regional telecommunications operator.

BT has put in an additional $10.6m for capital investment, which will take its stake to 80 per cent. A further $11m is being invested to market Metrocast more aggressively.

In addition to Metrocast, BT has a 30 per cent interest in VoiceCom, a US voice messaging service, and is a partner in Europage – a consortium planning to introduce a pan-European paging network next year.

BT is also aiming to take stakes in cellular and cordless telephone networks overseas, Mr Carrington said.

Management buy-in at Lilley will inject £27m of equity

By James Buxton, Scottish Correspondent

F.J.C. LILLEY, the Glasgow-based construction company rescued from near-extinction over the past year and a half, is to be the subject of a management buy-in which will bring in £27.4m in new equity.

Mr Bob Rankin, until recently chief executive of the construction group Balfour Beatty, is to become chief executive, replacing Mr Joe Barber, the man widely credited with bringing about the recovery of the company under the chairmanship of Lewis Robertson.

Shareholders are to be asked to approve a placing of 63.6m new shares priced at 44p each, the middle market quotation of July 22. About 91 per cent of these shares will be available to existing shareholders to buy through a clawback arrangement. Lilley shares yesterday rose 9p to 53p.

The equity injection will increase shareholders' funds from £10.6m at the end of January 1988 to £38m, eliminate borrowings and give the group a cash balance of about £20m.

Lilley was hit by a serious financial crisis in late 1985 resulting from its US and other overseas operations. Mr Robertson, a veteran of a number of corporate rescues, became chairman, bringing in Mr Barber.

Borrowings were reduced from £57m to £8m by July this year. Though the company lost £50.4m in the year to January 31 1987 it made a pre-tax profit of £2.2m in the last financial year. Mr Robertson considered the rescue complete and Lilley was studying a possible rights issue.

The management buy-in was initiated by Salomon Brothers International and is spearheaded by Mr Rankin and by Mr Martin Knight, a former director of Morgan Grenfell with responsibility for project finance. They intend to expand the company through joint ventures with developers including London and Edinburgh Trust, which is subscribing to the share placing.

The new shares have been conditionally placed with Globe Investment Trust, British Airways Pension Fund, and London and Edinburgh Trust, and Salomon Brothers will take a stake itself.

Under the clawback arrangement, which has the support of Scottish Amicable and M and G Investment Management, accounting for 19 per cent of the existing equity, existing shareholders may subscribe to up to 57.6m new shares on the basis of one new share for every 1.38 old shares. Mr Rankin and Mr Knight will will be granted options over a total of 5.5m ordinary shares.

Although the rest of the management team will remain intact Mr Barber, by profession a management consultant, will leave the company.

Heineken fails to refresh Whitbread share price

Rumonrs of a Heineken connection failed to refresh the share price of Whitbread & Company yesterday as the A shares fell a further 6p to 303p. At the annual meeting Mr Sam Whitbread, chairman, dismissed speculation that the brewer was to take over or be taken over by Heineken.

He also said that the company was not going to change its share structure. The A shares, which make up most of the ordinary capital, are non-voting shares.

On current trading the chairman said that beer sales in the first few months of the year were doing better than the total market and production was slightly ahead of last year.

Charterhall stake

Charterhall, the investment vehicle of the Australian entrepreneur Mr Russell Goward, has raised its stake in Scottish fashion retailer A. Goldberg & Sons to 18.27 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
BTS Group § ......fin	2.95	-	2.95	4.25	4.25
Bullough ......int	5	Sept 7	4.3	-	14
Clark (Matthew) ......fin	6.6	Oct 7	5.5	11	9
Clarke Hooper § ......fin	1.5	-	1.5	3	2.5
English & Cal ......fin	1.5‡	-	1.5	1.5‡	1.5
Greggs ......int	3.13	Oct 14	2.5	-	7.6
Habit Precision ......int	0.8	Sept 2	0.8	-	2.3
Harris (Philip) ......fin	3.5	Sept 12	3.125*	5.5	5*
Hepworth ......int	4.15	Nov 8	3.6	-	9.9
NatWest Bank ......int	9.25	-	8	-	24
P & P ......int	1	Oct 3	-	-	-
Questel § ......int	2.4	-	2.4	-	5.4
Radius § ......int	0.75	Sept 29	0.63*	-	2.13*
Ross Cons Elec §......fin	2.3	-	-	3.5	-
Sutcliffe Speak ......fin	2	-	nil	2	nil
Wickes ......int	0.69†	-	0.33	-	1
Wood (John D) § ......fin	2.5	Oct 6	-	4	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡For nine months

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims- Allied Textile, Arncliffe, Barclays, Continental Assets Tst, Gartmore Info & Fin Tst, Jourdan Thomas, Midland, Saga, Trenchenwood.

Chevron, Electron House, Fleming Enterprise Inv Tst, Gibbon Lyons, Havelock Europa, Jurys Hotel, Kenyon Securities, London Shop, Mountleigh, Northern Scotland Inv, Pavion Int'l, Royal Dutch Petroleum Tpt & Trading, Smith (David S), Union Carbide, WCRF.

FUTURE DATES

Interims-	
Ayrshire Metal Products	Aug 12
Cowie	Aug 4
Electronic Machine	July 29
Heywood Williams	Aug 4
Holders Technology	Aug 5
Kode Int'l	July 30
Molynx	Aug 2
Pearson	Aug 9
Portals	Sept 7
Finals-	
Astra	July 28
Dale Electronics Int'l	Aug 3
Delepak Foods	July 28
Finlan Group	Aug 4
Flextech	July 29
Gibbs Mew	July 29
Gnome Photographic Prods	Aug 17
Impala Platinum	Aug 5
Stonehill	July 29
Waverley Cameron	Aug 1

UK COMPANY NEWS

Matthew Clark advances to £7.7m

By Vanessa Houlder

MATTHEW CLARK and Sons (Holdings), wines and spirits manufacturer and distributor, yesterday reported a 13.2 per cent increase in pre-tax profits from £6.8m to £7.7m for the year to April 30.

Mr Francis Gordon Clark, chairman, said the recent performance was reasonable, particularly for the drinks industry where volume sales had shown little growth. In spite of the uncertainty over a number of distribution arrangements, the company was extremely healthy and in a strong position.

The largest contribution to profits came from Matthew Clark's 52 per cent stake in J E Mather, the British wine and sherry business, which reported a slight decline in profits to £5.1m, following a large advertising and capital expenditure programme. Mr Gordon Clark said that the standstill was temporary and benefits were expected to come through this year.

The second largest contributor, Matthew Clark's agency business, had a good year, with improved profits from almost all its brands, which include Martell cognac, Janneau armagnac, Macallan malt whisky, Benedictine and Taitinger champagne. Together with Finsbury Distillery, maker of Stone's Ginger Wine, it made profits of £2.4m (£1.9m).

Future distribution of Martell and Janneau, which were recently acquired by Seagram, and Benedictine, recently acquired by Martini, were still a matter for negotiation, Mr Gordon Clark said. In addition, the Irish whiskey brands were likely to be lost if the GC&C bid for Irish Distillers was successful.

As a result, the emphasis of the group was likely to move somewhat away from agency business towards Mather, I.H. Baker in Australia, and the specialist drinks supplier Malcolm Cowen as well as towards providing transport and warehousing services for the big brands through Sealark Transport. Acquisitions were also a possibility.

Cowen and Sealark had a successful year and together made profits of about £200,000. Baker reduced its losses from £470,000 to £110,000, and a £250,000 turnround was possible this year, Mr Gordon Clark said.

Earnings per share increased from 30.0p to 37.6p. The proposed final dividend is 6.5p (5.5p).

● COMMENT

The shake up in the drinks industry threatens to hit Matthew Clark hard. No sooner had it faced the possibility of the loss of the key Martell agency arrangement than its fast-growing Irish whiskey distribution business went up in the air. But the company is still confident that, if the worst comes to the worst, it can make up the damage within two years. Prospects for the other areas of its business look good - particularly as Mather, which accounts for half the business, should pull itself off last year's profits plateau. The company's general air of confidence and better than expected results helped push the share price up 5p to 365p. Assuming profits of £8.5m this year, that puts the company on a rating of 8. That is fair value until the uncertainty over the distribution arrangements is resolved.

Avis Europe may expand dealerships

By Clay Harris

AVIS EUROPE, the car rental and contract hire group, is likely to expand its motor distribution business after deciding to retain the nine dealerships it acquired last year as part of Bradford-based C.D. Bramall.

The decision to keep the Ford, Austin Rover and Vauxhall/Opel franchises followed a three-month review of operations. Although several companies made inquiries about the dealerships, none offered a high enough price to tempt Avis to sell.

Mr James Morley, finance director, said additional dealerships were likely to join the group through the acquisition of diversified leasing and contract hire operations – still the main focus of Avis's expansion.

Avis is reorganising Bramall into two distinct operations, dealerships and leasing. The latter business, comprising Gelco, Avis Car Leasing and Bramall, will be based in Salford.

Mr Tony Bramall, who resigned last month as an executive director, formerly managed both sides of the Bramall business. He was chairman of family-controlled C.D. Bramall until the £79m agreed takeover by Avis last year.

Expanding Clarke Hooper improves by 50% to £1.58m

By Clare Pearson

CLARKE HOOPER, USM-quoted sales promotion agency, said yesterday it had bought two further marketing services companies in North America, and at the same time announced pre-tax profits more than 50 per cent higher at £1.58m in the year to end-April.

The company will pay an initial $1m (£580,000) for Los Angeles-based Schmidt-Cannon, which supplies items mainly to boost sales of department stores' credit accounts. It says these activities will dovetail with those of the existing Californian subsidiary Joseph Potocki and Associates, acquired in July 1987, the clients of which are mostly US manufacturers.

It is also paying C$130,000 (£63,000) to acquire Canadian design studio Square Six, which will add a design and art facility to Marketing and Promotion Group, the Canadian company acquired in April last year.

Depending on Schmidt-Cannon's profits over the next three years, there will be an additional annual payment of $1m, and a final payment in 1992 based on a multiple of six times the average after-tax profits for the last three years. Schmidt-Cannon made pre-tax profits of $114,000 in the year to end-March.

Mr Barry Clarke, chairman, said Clarke Hooper's aims to broaden activities beyond the core sales promotion consultancy business, delineated when the company came to the USM in May 1986, were going exactly as planned. North America, where the sales promotion industry was still highly fragmented, would remain the focus of acquisitive activity.

Next month, Joseph Potocki will open an office in Atlanta, Georgia, to add to its existing operations in Los Angeles, New York and Chicago. To turnover of £20.98m (£9.53m), the core UK consulting business, Clarke Hooper Consulting, contributed about 75 per cent. Its sales increase during the year was about 34 per cent, although profits rose by about 39 per cent.

Owls, the British design and art studio, contributed about five per cent of total turnover. Its profits were up about 60 per cent on a 23 per cent sales increase, as it reaped the benefits of investment in the previous year.

Clarke Hooper's Scottish office, established in June 1987, broke-even in its first nine months of operations.

Earnings per share advanced 36 per cent to 12.4p (9.1p). The final dividend is 1.8p (1.5p), making 3p (2.5p) for the year.

Enlarged United Industries' profits at £0.86m

UNITED INDUSTRIES, precision springs manufacturer born out of the December merger of United Spring & Steel Group with Ratcliffe Industries, yesterday reported pre-tax profits of £861,000 on turnover of £15.5m for the six months to April 2 1988.

Following the amalgamation, the group's year-end was changed to March 31 and the results reflect the transitional period to the start of the new year. They include a six-month contribution of £203,000 from USSG and a three-month contribution of £658,000 from Ratcliffe.

Mr John Cowen, chairman, said the Ratcliffe subsidiaries enjoyed their best three months to date, with profits £153,000 ahead of the forecast made at the time of the merger and more than triple the previous interim profits of £216,000.

However, USSG was disappointing, with pre-tax profit falling short of management expectations by about £200,000.

The enlarged group, which is under Ratcliffe management control, has cornered 16 per cent of the UK coiled springs market. This accounts for roughly half the group's business, with the rest split between three manufacturing divisions – cutting tools, materials handling and food processing machinery.

Mr Cowen was confident all USSG subsidiaries would return to profit this year, and said corrective action included management shake-outs, rationalisation of product lines and the reduction of springs factories from eleven to seven.

A final dividend of 1.2p will be paid on earnings of 2.15p.

John Wood moves ahead to £1.46m

IN ITS first full-year results since joining the USM in February 1987, John D Wood & Co, estate agency, has shown a 25 per cent improvement in pre-tax profits to £1.46m for the 12 months to April 30 1988.

Turnover rose 17 per cent from £5.03m to £5.86m. This was split as to £4.57m (£3.98m) from its London residential side and £1.29m (£1.05m) from country residential and agricultural property.

A final dividend of 2.5p is recommended, making 4p for the year. After tax of £510,000 (£423,000) earnings per 10p share were 12.3p (9.6p).

Mr George Pope and Mr Ian Homersham, joint chairmen, said the results were despite the October stock market crash which slowed trading, but since mid-January the market had prospered. They added that early trading in the current year suggested improved turnover and they continued to seek suitable acquisitions.

APPOINTMENTS

Director of practice and development at FIMBRA

Mr Richard Cockroft is to join FIMBRA (the Financial Intermediaries, Managers and Brokers Regulatory Association) as director of practice and development. He will have general responsibility for liaison on issues arising from the implementation of FIMBRA's rules. He was managing director of M&G Assurance, and a director of M&G Group. Most recently he was chairman of the Independent Marketing Assistance Group. He joins FIMBRA on September 5.

★

PORTFOLIO ADMINISTRATION has appointed Mr Duncan Philip Tidman as a director.

★

Mr Mark Rinaldi has joined the debt securities division of KLEINWORT BENSON SECURITIES as a director. He was with Citicorp.

★

Mr David G. Morley and Mr Clive A. Makepeace have been appointed directors of the finance division of BROWN SHIPLEY INSURANCE GROUP MANAGEMENT.

★

Mr Dennis Gear has been appointed chairman of GIBBONS BARFORD PRINT. He was managing director of Riverside Press.

★

Mr David G. Skilleter, a contracts manager, and Mr Eddie Tyler, chief estimator, have been appointed directors of MYTON, part of the Taylor Woodrow Group.

★

Mr Patrick Johns, marketing director with Jardine Fleming Investment Advisers in Tokyo, is to be appointed a director of FLEMING INVESTMENT MANAGEMENT with responsibility for UK pension fund business development from September 1.

★

LAWSON MARDON GROUP has appointed Mr Jim Neill as managing director, Mardon Illingworth. He was corporate vice-president, systems and consulting, and succeeds Mr Robert B. Williams who has left the company.

★

BOND CORPORATION HOLDINGS has appointed Mr John Richardson as chief executive, Bond Group (Europe), responsible for UK and European operations. He was chief executive officer of Hutchison Whampoa, and established his own management consultancy in Hong Kong in 1985. Mr Alan Birchmore remains resident main board director of Bond Corporation in London. He heads Bond International Gold (BIG), incoporating most of the personal gold-mining interests of Mr Alan Bond, which is soon to be floated on the New York stock exchange. BIG will be administered from London.

UK COMPANY NEWS

High construction activity and acquisitions help boost Hepworth profit 54% to £40m

By Andrew Taylor, Construction Correspondent

HEPWORTH the rapidly expanding building products and domestic heating company yesterday announced a 54 per cent increase in pre- tax profits for the first six months of this year.

The figures included a first time contribution from Henderson Group, the domestic garage and industrial doors group, which Hepworth acquired in March after a £84.6m takeover battle with Newman Tonks, the Midland door control and building supplies group.

Hepworth's profits rose to £40.1m during the first six months compared with £26m. Turnover increased by 50.3 per cent to £273.1m

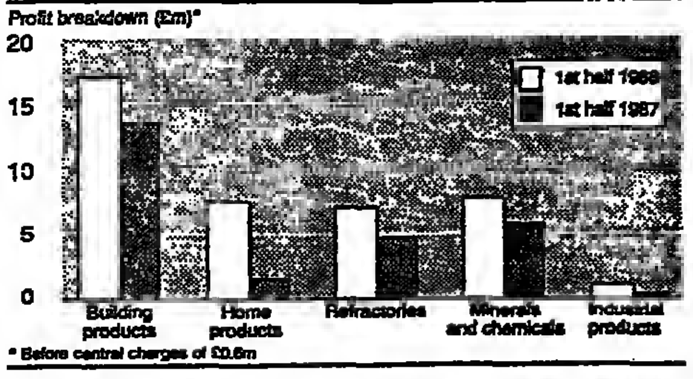
Mr Sinclair Thomson, chief executive, said around half of the profits increase had been generated by the company's traditional businesses of clay and plastic pipes, industrial sands and chemicals, bathroom products and refractories for foundries. Sales of clay pipes had benefitted from the construction boom and had increased by about 18 per cent.

The other half of the profits increase was due to the first time inclusion of earnings from new acquisitions including: Glow-worm and Parkray, two heating appliance companies bought from TI Group last Spring for £63.5m; Belref a Belgian refractory company acquired last Autumn and the Henderson Group.

Mr Sinclair said improved efficiency as a result of senior management changes had also boosted returns. Nine of the top ten executives in the company had been appointed or promoted during the last two years.

Hepworth

Profit breakdown (£m)*



* Before central charges of £0.6m

● COMMENT

Hepworth is riding the crest of a wave. British construction output, which accounts for between a half and two thirds of sales, is on a 15-year high. A mild winter which allowed building work to progress faster than normal assisted growth in the first half. There is much more to Hepworth's results, however, than just the effects of the construction boom. Improved management since the arrival two years ago of Mr Sinclair Thomson as chief executive has significantly boosted returns, as has the acquisition of new businesses. These have have concentrated on the consumer end of building products with particular emphasis on repair, maintenance and improvement — a sector which has seen consistently steady growth throughout the late 1970s and 1980s. The acquisitions should help underpin profits when growth in private sector new construction starts to slow towards the end of the decade. There are also some savings due to come through from the integration of the clay and plastic pipes division. On a pre-tax profit of up to £84m, a prospective p/e of around 9, at the top end of range for building material companies, is probably justified. A prospective yield of just over 6 per cent is also at the top end of the range for the sector.

Computer software side holds back Prism

By Clare Pearson

A DISAPPOINTING performance by the computer software side resulted in pre-tax profits of Prism Leisure, the record and computer game distributor which joined the USM in February last year, advancing by just 27 per cent to £663,000 in the year to end-March.

But the company said a number of promising new ventures meant prospects were improved for the current year.

On the computer software side, Prism Leisure has recently topped the UK sales charts with Football Manager II. Further games published under its own label, Addictive Games, are scheduled to come out over the next few months.

On the music side, which repackages and distributes middle-of-the-road material, Prism last month took a 76 per cent stake in a new venture, European Music Distributors, which will concentrate on developing the Continental market.

Prism Leisure has also been diversifying its range of activities recently to give it a wider presence in the home leisure market.

It has developed a new product, Smalltalk Baby Diary, a package incorporating cassettes of lullabies and children's stories, and a diary enabling parents to record significant moments in their baby's development.

Mr Geoff Young, chairman, said initial interest from retailers had been very encouraging. The product is scheduled to be launched in the UK in September.

As a further diversification, it bought last month Burns & Porter Associates, which organises quiz evenings in pubs under contracts with breweries.

Computer software contributed somewhat more than 50 per cent to the pre-tax figure, which compared with £522,000 last time. Turnover of £6.07m (£5.68m) was split more or less evenly between the two music and computer legs

Earnings per share were 11.8p (10.6p). The final dividend is 3p, making 4.46p for the year.

Bullough moves into continental Europe as profits rise 35%

By David Waller

BULLOUGH, engineering and furniture group, yesterday announced sharply higher interim profits and a move into continental Europe with the £28.5m (£14.8m) acquisition of Atal, a leading French manufacturer and distributor of office furniture.

Unusually strong demand for the office furniture made by Project — Bullough's largest subsidiary — helped pre-tax profits surge by 35 per cent from £8.42m to £11.09m in the six months to April 30.

Earnings per share rose by 32 per cent to 19.69p, while the interim dividend was increased from 4.3p to 5p per share. Turnover climbed from £71.51m to £98.18m, and operating profits from £8.42m to £11.13m.

Mr Derrick Battle, managing director, said that there had been an exceptional leap in orders for Project's furniture at the end of last year. The factories had been kept open over Christmas to meet the buoyant demand.

This had helped Project's profits rise by 50 per cent in the first half. Mr Battle warned yesterday that the the rate of increase in group earnings experienced in the first half could not be sustained over the year as a whole.

Atal, a former subsidiary of Litton Industries of the US, makes its furniture in factories at Laon and Chinon and sells it via 27 depots across France. In the year to last August its sales amounted to FFr 468.6m and pre-tax profits were FFr 20.33m.

Its profit record has been somewhat erratic over the last five years, with the pre-tax figure falling from FFr 10.86m in 1983 to FFr 4.48m in the following year and FFr 3.88m in the next, before surging back up to FFr 17.71m in 1985-86.

Atal's accounts for the three years to the end of July 1987 were qualified due to uncertainty over the outcome of a contract in Syria. The contract has now been completed and the maximum expected loss of FFr 3.8m has been recognised in the figures for 1985.

Bullough is paying cash to acquire the company, and is also assuming £9m to £7m of debt in Atal's balance sheet. From being cash neutral, Bullough will end up with gearing of 40 per cent.

The acquisition requires shareholder approval: an extraordinary meeting is scheduled for September 1.

● COMMENT

There is nothing unusual about Bullough delivering figures well ahead of analysts's expectations. It is this habit, demonstrated again yesterday, which has helped the company out-perform the market ninefold since 1980 and by two-thirds over the last five years — and which helped the shares perk up 10p to 428p yesterday. True, the surge in interim profits (for which no divisional breakdown is provided) was in part due to what the company described as exceptional trading conditions at Project. Although this will not be repeated, the market looks set to remain strong as more companies require systems furniture, and as customers become more style-conscious. The Atal gives plenty of scope for synergistic benefits — and there is scope for straightforward margin improvement at the French company: Project managed to achieve profits of £7.87m last year on turnover of just £38.5m. In the current year, forecasts for the group have been upgraded from £24m to £26m, putting the shares on a prospective multiple of 11. Tarred with the brush of the mechanical engineering sector, the rating looks a shade on the low side.

Wistech rejects new offer from Caird

By Jean Marshall

Wistech, specialist cleaning and materials group, has rejected the revised proposals from Caird Group, property developer and waste disposal company, which, according to sources close to Caird, valued the company at around £5m.

Caird, which has no intention of pursuing its offer, said last night that Wistech had been only one of the companies it had been looking at in its acquisition programme.

Its original recommended offer in May valued Wistech at about £7.5m, with each share being worth about 70p. That offer was 40 new Caird shares for every 100 Wistech. One condition of the offer, however, was that the auditors' report on Wistech was satisfactory. Caird felt the report did not justify the original valuation and the offer was withdrawn.

Wistech, which has its shares traded on the over-the-counter market, reported increased pre-tax losses of £444,000 (£182,000) for the six months to March 31.

Greggs up 41% to £1.7m

By Nikki Tait

THE MILD winter weather coupled with margin improvements helped Newcastle-based bakery retailer, Greggs, to a 41.5 per cent increase in first half profits. The figure for the 24 weeks to June 11 rose to £1.68m, compared with £1.19m in the previous year.

Sales in the period rose more modestly, by 9.4 per cent to £30.7m, with price inflation ranging around 5 per cent. The company, which now has over 380 outlets in areas ranging from Scotland to London, plans to open 21 new shops in the current year against 13 last year. About half of these came on stream in the first half.

A further 45 outlets will also be refitted this year, compared with 19 last year, and capital expenditure is likely to run out at slightly over £5m.

Yesterday the company said that all parts of the group had contributed to the improved performance, with the Welsh business now in profit. The Enfield division continues to make unspecified losses, but Greggs says that the corner has been turned. New management has been introduced and the losses are apparently reducing, although profits are still some way off.

Earnings per share go up from 6.8p to 10p.

COMMENT

Gloomy summer weather may not enthral sports enthusiasts, but it is just fine by Greggs. Barring a heatwave — which understandably deters customers from sticky buns and cream slices — analysts expect the company to head for just over £5m in the full year. While bakery shops may not be the most go-go end of the retail business — volume growth in existing units was about 2 per cent in the first half — Greggs has rolled out commendable profits growth ever since its 1984 market debut. Moreover, with plenty of geographical expansion scope left, an expected cash balance of £4m by the year-end, and management's belief that the market is open to product development, it is relatively easy to see where future progress can come from. The stock is fairly tightly held and the rating — perhaps 14.5 times current year earnings and over 12 times next year's — gives little away. But, these days, solid defensive virtues deserve to be paid for.

Elswick deal announcement premature

By Nigel Clark

Elswick and its advisors were yesterday trying to pick up the pieces following the premature announcement of the acquisition of Sparkprint, Northallerton-based self-adhesive label manufacturer.

It had been expected that the £400,000 deal would be finalised in time for the Stock Exchange to be informed today but Hoare Govett broke the news a day early. Mr David Cross, chief executive of Elswick, described it as a clerical error which he did not think would effect the outcome.

He added negotiations were continuing and an announcement was expected soon.

The deal was part of Elswick's move into specialised packaging begun with the £2.8m purchase of Macleans Printed Packaging in November 1986 followed by the acquisition of Labeltech for £6m.

Sparkprint reported pre-tax profits of £147,000 in the year to June 30 1987. However in the eleven months to May 31 there was a loss of £160,000.

Reed starts year well and in line with target

REED INTERNATIONAL has begun the year well in its new form. With few exceptions, first quarter profits of publishing, the core activity following its move out of paper and packaging, were in line with or ahead of target, Mr Leslie Carpenter, the chairman said.

US margin improvement had been maintained in Cahners Business magazines and higher than budgeted results had been achieved from exhibitions.

In the UK, the business magazine and regional newspapers continued to attract strong advertising revenue.

Questel profits drop halfway

A marked fall in sales and profits was experienced at Questel, telecommunications and systems manufacturer, in the six months to April 30.

Pre-tax profits fell from £555,000 to £93,000 on turnover down from £2.04m to £1.36m. The interim dividend is held at 2.4p on earnings of 1.35p (8.1p).

Legal Notices

IN THE HIGH COURT OF JUSTICE
No00[illegible] of 1988
CHANCERY DIVISION

IN THE MATTER OF PARKWAY GROUP PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 28th June 1988 confirming the cancellation of the Share Premium Account of the above named company was registered by the Registrar of Companies on 8th July 1988.

Dated this 22nd day of July 1988

CLIFFORD CHANCE
Royex House
Aldermanbury Square
London EC2V 7LD

REF: RWC/

PHILIP HARRIS

Profits rise to £1.51m at year-end

PHILIP HARRIS Holdings, scientific and educational equipment maker, has achieved healthy profits growth in the year to March 31 1988 and ended it with a strong balance sheet.

Pre-tax profits rose 27 per cent from £1.19m to £1.51m on turnover ahead by 17 per cent from £47.42m to £55.27m. Mr John Haller, chairman, said much of the proceeds of the rights issue made in September were still awaiting deployment and gearing was some 17 per cent of shareholders' funds.

A final dividend of 3.5p is recommended, for a total of 5.5p (5p) on earnings per 20p share of 14.4p (11.42p adjusted).

SUTCLIFFE

Return to dividend at 2p

Sutcliffe Speakman, engineer and carbon manufacturer, announced a return to dividend list with a proposed 2p payment for the year ended March 31 1988.

NEWS DIGEST

Pre-tax profits for the 12 months rose 64 per cent from an adjusted £987,000 to £1.62m. This came from turnover up 6 per cent from £26m to £27.6m, and there was a £33,000 (nil) share of profits of an associated company this time

The interest charge of £330,000 compared with £344,000 last year. After tax of £382,000 (£104,000) earnings per share were 8.2p (6.1p).

HABIT PRECISION

Half-way loss of £374,000

The timing of orders in a number of its engineering businesses and substantially increased losses in a computer substrates development subsidiary produced a pre-tax loss of £374,000 at Habit Precision Engineering for the half year to March 31 1988. This compared with a restated £772,000 profit last time.

However, Mr James Mayne, chairman, said he was confident that progress was being made in resolving these problems and this would be reflected in results for the second half. The interim dividend is therefore maintained at 0.8p.

Turnover came out at £8.06m (£8.76m) and loss per 5p share was 2.17p (3.09p earnings).

BTS GROUP

Second half setback

A second half loss of £19,000 left profits of BTS Group, USM-quoted vehicle parts maker, at £88,000 pre-tax for the year to end-March, down £423,000 on the previous year. Turnover improved by £1.2m to £11.74m.

The directors blamed the profits shortfall on an exceptionally mild winter and disruption in tyre production. They were confident, however, that profits during 1988-89 would be satisfactory and are recommending a maintained total dividend of 4.25p, the final being 2.95p. Earnings fell to 1.57p (7.44p).

RADIUS

Restructuring plan announced

A 25 per cent rise in pre-tax profits to £1.09m was announced by Radius, USM-quoted computer systems and maintenance group, for the half year to May 31 1988. Turnover improved by 30 per cent to £6.12m.

An interim dividend of 0.75p (0.625p adjusted) is being paid from increased earnings of 3.5p (2.9p) per 5p share.

Mr Edward Sharp, chairman, said that during the next six months the directors would be giving attention to a re-structuring of the group into essentially a holding company with operating companies and divisions. They were confident of increased profits and turnover for the full year.

Tax for the six months took £348,000 (£296,000).

ST MOWDEN

Resources fund expansion

Mr Stanley Clarke, chairman of St Modwen Properties, told shareholders in his interim statement that the company's cash flow remained strong and that this had enabled it to finance expansion from its own resources.

For the half year to end-May the property investor and developer saw its turnover advance from £2.88m to £9.66m and its profits from £731,000 to £2.08m pre-tax.

Interest accounted for £514,000 (£289,000) and tax for £605,000 (£67,000). Earnings worked through at 1.2p (0.7p).

PROCESS SYSTEMS

Back to profit with $12,000

Process Systems, North Carolina-based electronic device manufacturer with a London listing, had pre-tax income of $12,000 for the first six months of 1988 compared with a loss of $3.57m for the same period of 1987.

The company plans product introductions during the second half of the year and the directors' focus is on expense control and customer service to increase profitability.

The fast breeder: an idea still awaiting its time

David Fishlock examines why technological progress has failed to translate into commercial viability

The fast nuclear reactor, also known as the "fast breeder", has one over-riding purpose in life. It is a fuel conservation system, abla to win 50 to 60 times as much energy as present-day commercial reactors from a given amount of uranium.

It can take uranium that is too lean to use — in effect, a waste — and turn it into a premium fuel which can be returned to the reactor as its main source of energy. If we were talking of honsehold waste, sucb an energy eystem would be acclaimed as a boon and a blessing.

Britain bas accnmulated big stocks of so-called "depleted" uranium, as a result of making both nuclear weapons and enriched fuel for commercial reactors. The fuel-conserving role for the fast reactor was perceived by UK physicists as far back as 1946, before there were any commercial reactors. When uranium was thought to be so scarce a commodity that its cost could strangle the development of commercial nuclear power, the fast reactor was seen as the saviour. It was the system which would ensure that nuclear power enjoyed a long future.

Tha US Government operated a small fast reactor in Idaho in 1951. In 1962, the UK Atomic Energy Anthority fed electricity into the national grid from a 13 megawatt (MW) fast reactor at Dounreay.

The Dounreay experimental reactor, dominating the coastline of Caithness like a huge golf ball, is one of the world's most familiar symbols of nuclear energy, even though it has been shut down for more than a decade.

Now Dounreay's prototype fast reactor, which superseded it, is to close in 1993, nearly 20 years after first generating power. Three years later, after treating the last of the reactor's fuel, the associated reprocessing plant will also close. This is the chemical plant which extracts premium fuel from the radioactive "ashes" of the reactor.

Between them, they cost about £50m a year to run and last year they earned £12m in electricity sold to the North of Scotland Electricity Board. John Collier, UK AEA chairman, has told the Government: "It's a good little power station."

Opponents of nuclear energy also recognised the fast reactor as the future of the technology and, therefore, as a prime target. They have particularly opposed its use of plutonium. Where the industry talks of an international business in plutonium fuel, its opponents talk of "trafficking in plutonium."

Despite the opposition, Britain has been among the world leaders in developing the fast reactor and has probably pushed development of fuels for it further than any other nation.

The prototype fast reactor is fuelled by a mixture of plutonium and uranium oxides, pressed into black ceramic pellets. In the 1970s, the fear was that, as spent fuel, it would not dissolve during reprocessing, which could mean serious problems.

Reprocessing is vital to the economics of the fast reactor. Plutonium is an expensive commodity, so it is necessary to minimise the amount tied up in its fuel inventory. The faster it can be reprocessed — separated from the uranium and fission products, remade into new fuel and returned to the reactor, the smaller the inventory.

The prototype runs on fuel rods of the size currently envisaged for commercial fast reactors. In a bold move in the mid-1970s, the Dounreay team deactivated the reprocessing unit which had served its experimental reactor and rebuilt it to handle the bigger and richer fuel from the prototype.

Its courage paid off. The plutonium-rich fuel dissolved without difficulty. Dounreay was emboldened to leave fuel in the reactor for longer, and still it did not raise problems for the reprocessors.

The longer the fuel can be allowed to remain safely in the reactor, the smaller the plutonium inventory and the smaller tha volume of highly radioactive wastes. The original target for the prototype was 7.5 per cent "burn-up" of its fissile atoms before refuelling. Earlier this summer, Dounreay announced that some of the fuel had reached 20 per cent burn-up. By comparison, most commercial reactors achieve only 3 per cent burn-up.

Who is going to spend an extra 20 per cent and carry the risks to demonstrate something that will be out of date before it is needed?

Dounreay's fnel performance promised costs of the fast reactor fuel cycle comparable with those of commercial reactors. But the same cannot be said of the capital costs. On this front the fast reactor is competing with a moving target as nations gain experience both of replicating and "stretching" the pressurised water reactor. Tbe French, who bave the world's most ambitious project with the 1,200 MW Superphénix demonstration fast reactor, admit that its capital cost was donble the current PWR cost.

The UK Government's decision on Dounreay is designed to allow the AEA to consolidate progress on high burn-up oxide fuel. It curtails engineering development on a reactor that would be based on 1980s technology, when no commercial reactor is expected to be required before the year 2020.

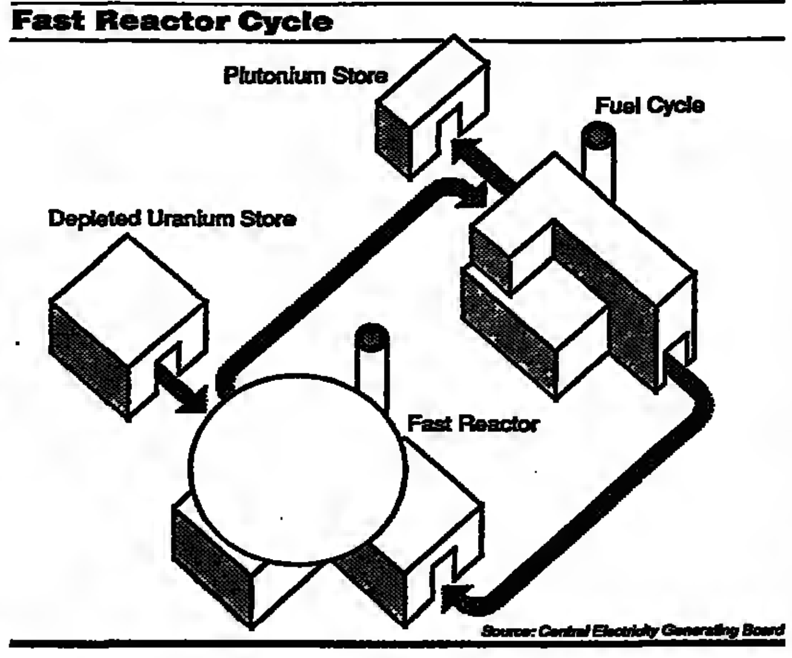
Reactor designers with both the UK AEA and the National Nuclear Corporation say considerable strides have been made in reducing the cost of a commercial system. Since 1984 they have had access to French and West German technology in the European fast reactor research and development "club" and they claim to hava trimmed costs to an estimated 20 per cent above the PWR, mainly by ingenious packaging to contrive a smaller reactor.

But who is going to spend an extra 20 per cent and carry all tha high technology risks to demonstrate a technology that will be out of date long before it is needed commercially? What such a demonstration could not be is the precursor of a series of commercial reactors — unless uranium fuel prices were driven up dramatically by another fuel crisis in the 1990s.

In the mid-1980s, the fast breeder club — which includes Belgium, the Netherlands and Italy — agreed to pool resources and spend £300m a year on R&D and design. Tha club envisaged three stages of demonstration, code-named Euro-1, -2 and -3, which were to precede a common European design. France and West Germany were wrangling over which should host Euro-1. Britain expected to host Euro-3.

The scene has since changed. Last year, Superphénix suffered a leak of its sodium coolant which has kept the reactor out of service and damaged public confidence in the technology. The West German 300 MW prototype at Kalkar has persistently failed to get an operating licence because of political opposition.

Fast Reactor Cycle



Source: Central Electricity Generating Board

Now Britain, as part of a national scrutiny of public spending on R&D, has decided that too much is going on the fast reactor. Cecil Parkinson, Energy Secretary, has announced a cut in spending on reactor design and engineering from about £55m this year to £20m next year and only £10m in two years' time. Nevertheless, he believes the programme still "provides a basis for collaboration with our European partners."

The best guess is that the European club will restructure its programme along lines Britain is indicating, which means embarking on some more imaginative concepts to try to make bigger cuts in capital costs.

But in Japan, where the fast reactor programme is at present well behind that of Europe, commitment to the technology is being kept steadfast by lack of its own uranium.

The Japanese have been flirting with hoth the US and Europe as partners in fast reactor development. The problem with the US is that its programme was stalled by President Jimmy Carter in 1977 and, although given tha green light again by the Reagan Administration, it has failed to find a rich patron. Congress scrapped plans to build a big demonstration power station, Clinch River, in 1983. Its biggest facility is a large experimental reactor at Hanford, which has run successfully since 1982.

Japan's programme is based on a small experimental reactor called Joyo (eternal light) operating since 1977 and a 280 MW prototype called Monjn (Buddha's wisdom), which is half-finished and scheduled to come into operation in 1992.

A revised European development programme on a longer timescale could look more compatible with the plans of Japan.

College builds its own micros

COLLABORATION between education and induetry has taken a step forward on England's south coast.

The mechanical engineering department of a Portsmouth college is planning to upgrade the college's ageing microcomputers by building the replacement machines itself. The components for the new micros and the know-bow for building them come from Link Line Computer Supplies.

For Highbury College of Technology the project both saves money — the computer kits are about half the price of the commercial equivalent — and has an educational advantage. Students on two Higher National Certificate courses, in mecbanical and production engineering and computer aided engineering, are building the computers as part of their work.

John Munn, head of mechanical engineering, says the project gives students a greater understanding of how computers are put together and how the hardware relates to tbe software. "It also gives them a realistic view of production planning and estimating."

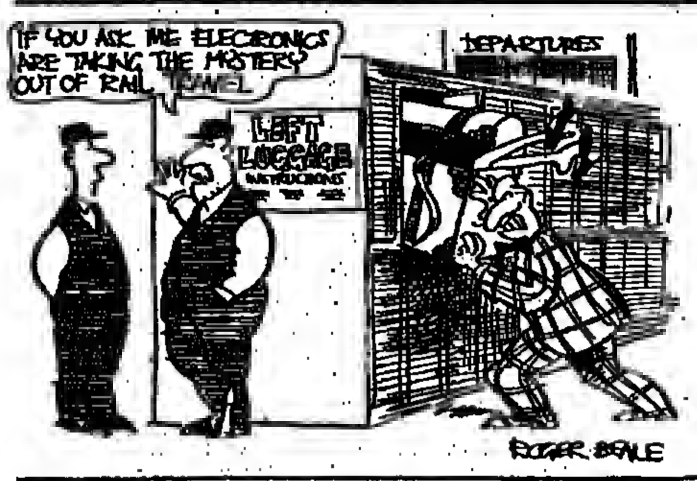
Munn says the college bas about 250 microcomputers. The target for the first year is to replace 12. Each machine costs £1,900 for the components plus between £200 and £300 for the monitor.

Altbough Munn says his department is unlikely to assemble computers for sale commercially, he has been approached by individuals who want to buy the cut-price, "home-produced" machines.

According to Munn, tbe machine being huilt at the college is equivalent to the IBM PS/2 desktop system, IBM's most up-to-date personal computer. It is a 32-bit machine, built round the Intel 80386 processor with a 40-megabyte Seagate hard disk and 1.2 megabytes of floppy disk.

Roy Triston, Link Line managing director, hopes his company will be able to sell the concept to other educational institutions. At tbe moment his main customers for the Swift PS 386 machine are computer dealers.

Della Bradshaw



Luggage lockers provide new niche for computers

The microprocessing revolution has found some strange niche markets — but perhaps none stranger than that of left luggage.

Rail networks in Europe are installing electronically and computer monitored left luggage lockers as part of their modernisation programmes.

"The problem with the old key-operated machines was that they tended to be vandalised and break down," says François Helai, commercial director of the rail division of Mors, the Paris-based electronics company which manufactures the new machines.

The French SNCF, (Société Nationale des Chemins de fer Français), has installed 9,000 Mors lockers since 1985. Most Parisian stations have them.

In the UK, British Rail (BR) has put 254 lockers in London's Liverpool Street Station. The machines were supplied by Mors's Harrow-hased agent, Cartner, which has also won a £684,000 contract to install 1,000 at Victoria Station.

The new lockers do not have keys. Instead, after baggage and money have been inserted, the machine prints out a ticket with a five-number code, which is punched in later to open the door.

An electronic alarm system keeps the lockers secure. If the wrong code is entered four times or there is an attempt at forcing, a siren is set off. The system links each locker to an IBM personal computer, which monitors every transaction and warns if a locker is out of order.

The PC allows an operator to open all the lockers simultaneously in the case of a bomb scare. If a bomb did go off, the lockers have vents in the rear to let out the blast and their hack-to-back arrangement should help contain the force.

The company says other advantages include:

- increased revenue from a rise in usage, because fewer machines are out of order and customers have greater confidence in their security. It estimates that SNCF will recoup its capital expenditure within 18 months. At Liverpool Street, it says that BR has increased its revenue threefold;
- a reduction in maintenance costs because no coins means less vandalism;
- improved accounting and auditing through the compnter, which reduces the risk of staff fraud.

Helai believes that the market for the machines will grow rapidly, particularly in Italy if a law banning luggage lockers, passed after a number of bombing incidents, is repealed.

Paul Abrahams

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday July 25 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	57.4862	31.1372	43.5307
Albania	(Lek)	10.0826	5.8399	3.1631	4.4221
Algeria	(Dinar)	10.6232	6.1530	3.3327	4.6592
Andorra	(Fr Fr)	10.7475	6.2250	3.3717	4.7138
	(Sp Peseta)	210.45	121.8940	66.0235	92.3026
Angola	(Kwanza)	51.1505	29.6267	16.0472	22.4344
Antigua	(E Carr $)	4.69	2.7164	1.4713	2.0570
Argentina	(Austral)	17.6350	10.2145	5.5325	7.7346
Aruba	(Florin)	3.1065	1.7993	0.9745	1.3625
Australia	(Aus $)	2.1355	1.2368	0.6699	0.9366
Austria	(Schilling)	22.373	12.9597	7.0196	9.8135
Azores	(Port Escudo)	258.20	149.5511	81.0039	113.2456
Bahamas	(Bahama $)	1.7265	1	0.5416	0.7572
Bahrain	(Dinar)	0.6530	0.3782	0.2048	0.2864
Balearic Is	(Sp Peseta)	210.45	121.8940	66.0235	92.3026
Bangladesh	(Taka)	54.00	31.2771	16.9411	23.6842
Barbados	(Barb $)	3.4906	2.0217	1.0950	1.5309
Belgium	(Belg Fr)	66.45c	38.4882	20.8470	29.1447
		67.25g	38.9516	21.0980	29.4956
Belize	(B $)	3.4710	2.0104	1.0889	1.5223
Benin	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Bermuda	(Bermudian $)	1.7265	1	0.5416	0.7572
Bhutan	(Ngultrum)	24.15	13.9878	7.5764	10.5921
Bolivia	(Boliviano)	4.0611	2.3522	1.2740	1.7811
Botswana	(Pula)	3.3450	1.9374	1.0494	1.4671
Brazil	(Cruzado)	389.425	225.5574	122.1725	170.8004
British Virgin Is	(US $)	1.7265	1	0.5416	0.7572
Brunei	(Brunei $)	3.5318	2.0456	1.1080	1.5490
Bulgaria	(Lev)	1.4461	0.8375	0.4536	0.6342
Burkina Faso	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Burma	(Kyat)	11.5699	6.7013	3.6297	5.0745
Burundi	(Burundi Fr)	252.50	146.2496	79.2156	110.7456
Cameroon	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Canada	(Canadian $)	2.0850	1.2076	0.6541	0.9144
Canary Is	(Sp Peseta)	210.45	121.8940	66.0235	92.3026
Cp. Verde Is	(CV Escudo)	129.5464	75.0341	40.6420	56.8185
Cayman Is	(CI $)	1.4405	0.8343	0.4519	0.6317
Cent. Afr. Rep	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Chad	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Chile	(Chilean Peso)	431.46	249.9044	135.3600	189.2368
China	(Renminbi Yuan)	6.4318	3.7253	2.0178	2.8209
Colombia	(Col Peso)	530.01	306.9852	166.2776	232.4605
Comoro Is	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Congo (Brazz)	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Costa Rica	(Colon)	132.4187	76.6977	41.5431	58.0783
Cuba	(Cuban Peso)	1.3218	0.7655	0.4146	0.5797
Cyprus	(Cyprus £)	0.8250	0.4778	0.2588	0.3618
Czechoslovakia	(Koruna)	9.40c	5.4445	2.9490	4.1228
		16.36t	9.4758	5.1325	7.1754
		15.75t	9.1225	4.9411	6.9078
Denmark	(Danish Kroner)	12.0900	7.0026	3.7929	5.3026
Djibouti Rep	(Djib Fr)	300.00	173.7619	94.1176	131.5789
Dominica	(E Carrib $)	4.69	2.7164	1.4713	2.0570
Dominican Rep	(D Peso)	8.6775	5.0260	2.7223	3.8059
Ecuador	(Sucre)	432.83o	250.6979	135.7898	189.8377
		954.14a	552.6440	299.3380	418.4824
Egypt	(Egyptian £)	4.01	2.3226	1.2580	1.7587
El Salvador	(Colon)	8.6740	5.0240	2.7212	3.8043
Equat'l Guinea	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Ethiopia	(Ethiopian Birr)	3.5662	2.0655	1.1188	1.5641
Falkland Is	(Falk £)	1.00	0.5792	0.3137	0.4385
Faroe Is	(Danish Kroner)	12.0900	7.0026	3.7929	5.3026
Fiji Is	(Fiji $)	2.4613	1.4256	0.7721	1.0795
Finland	(Markka)	7.5595	4.3785	2.3716	3.3155
France	(Fr)	10.7475	6.2250	3.3717	4.7138
Fr. Cty/Africa	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Fr. Guiana	(Local Fr)	10.7475	6.2250	3.3717	4.7138
Fr. Pacific Is.	(CFP Fr)	190.00	110.0492	59.6078	83.3333
Gabon	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Gambia	(Dalasi)	12.3871	7.1746	3.8861	5.4329
Germany East	(Ostmark)	3.1875	1.8462	1	1.3980
Germany West	(DMark)	3.1875	1.8462	1	1.3980
Ghana	(Cedi)	348.635	201.9316	109.3756	152.9100
Gibraltar	(Gib £)	1.00	0.5792	0.3137	0.4385
Greece	(Drachma)	255.525	148.0017	80.1647	112.0723
Greenland	(Danish Krone)	12.0900	7.0026	3.7929	5.3026
Grenada	(E Carr $)	4.69	2.7164	1.4713	2.0570
Guadaloupe	(Local Fr)	10.7475	6.2250	3.3717	4.7138
Guam	(US $)	1.7265	1	0.5416	0.7572
Guatemala	(Quetzal)	1.7265	1	0.5416	0.7572
		4.5703	2.6471	1.4338	2.0045
Guinea	(Fr)	520.65	301.5638	163.3411	228.3552
Guinea-Bissau	(Peso)	1128.0750	653.3883	353.9058	494.7697
Guyana	(Guyanese $)	15.5700	9.0182	4.8847	6.8289
Haiti	(Goude)	8.6775	5.0260	2.7223	3.8059
Honduras	(Lempira)	3.4696	2.0096	1.0885	1.5217
Hong Kong	(HK $)	13.5393	7.8420	4.2476	5.9382
Hungary	(Forint)	92.4483	53.5466	29.0033	40.5475
Iceland	(Icelandic Krona)	79.603	46.1065	24.9734	34.9135
India	(Indian Rupee)	24.15	13.9878	7.5764	10.5921
Indonesia	(Rupiah)	2959.21	1713.9936	928.3796	1297.8991
Iran	(Rial)	121.50	70.3735	38.1176	53.2894
Iraq	(Iraqi Dinar)	0.5313	0.3077	0.1666	0.2330
Irish Rep	(Punt)	1.1870	0.6875	0.3723	0.5206
Israel	(Shekel)	2.8000	1.6217	0.8784	1.2280
Italy	(Lira)	2353.00	1362.8728	738.1960	1032.0175
Ivory Coast	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Jamaica	(Jamaican $)	9.3500	5.4155	2.9333	4.1008
Japan	(Yen)	228.00	132.0590	71.5294	100
Jordan	(Jordanian Dinar)	0.6400	0.3706	0.2007	0.2807
Kampuchea	(Riel)	173.55	100.5212	54.4470	76.1184
Kenya	(Kenya Shilling)	30.90	17.8974	9.6941	13.5526
Kiribati	(Australian $)	2.1355	1.2368	0.6699	0.9366
Korea North	(Won)	1.6834	0.9750	0.5281	0.7383
Korea South	(Won)	1260.50	730.0897	395.4509	552.8508
Kuwait	(Kuwaiti Dinar)	0.4921	0.2850	0.1543	0.2158
Laos	(New Kip)	607.425	351.8245	190.5647	266.4144
Lebanon	(Lebanese £)	609.5944	353.0810	191.2453	267.3659
Lesotho	(Maluti)	4.1875	2.4254	1.3137	1.8366
Liberia	(Liberian $)	1.7265	1	0.5416	0.7572
Libya	(Libyan Dinar)	0.5061	0.2931	0.1587	0.2219
Liechenstein	(Swiss Fr)	2.6500	1.5348	0.8313	1.1622
Luxembourg	(Lux Fr)	66.45	38.4882	20.8470	29.1447
Macao	(Pataca)	13.9631	8.0875	4.3805	6.1241
Madeira	(Port Escudo)	258.20	149.5511	81.0039	113.2456
Malagasy Rep	(MG Fr)	2124.75	1230.6689	666.5882	931.9078
Malawi	(Kwacha)	4.5425	2.6310	1.4250	1.9923
Malaysia	(Ringgit)	4.5495	2.6350	1.4272	1.9953
Maldive Is	(Rufiya)	17.5286	10.1526	5.4991	7.6879
Mali Rep	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Malta	(Maltese £)	0.5875	0.3402	0.1843	0.2576
Martinique	(Local Fr)	10.7475	6.2250	3.3717	4.7138
Mauritania	(Ouguiya)	128.9043	74.6622	40.4405	56.5369
Mauritius	(Maur Rupee)	23.80	13.7851	7.4666	10.4385
Mexico	(Mexican Peso)	3969.225a	2299	1245.2470	1740.8881
		3991.65d	2311.9895	1252.2823	1750.7236
Miquelon	(Local Fr)	10.7475	6.2250	3.3717	4.7138
Monaco	(French Fr)	10.7475	6.2250	3.3717	4.7138
Mongolia	(Tugrik)	5.8235	3.3730	1.8269	2.5541
Montserrat	(E Carr $)	4.69	2.7164	1.4713	2.0570
Morocco	(Dirham)	14.35	8.3116	4.5019	6.2938
Mozambique	(Metical)	1016.6359	588.8536	310.9508	445.9017
Namibia	(S A Rand)	4.1875	2.4254	1.3137	1.8366
Nauru Is	(Australian $)	2.1355	1.2368	0.6699	0.9366
Nepal	(Nepalese Rupee)	38.7017	22.4162	12.1417	16.9744
Netherlands	(Guilder)	3.5950	2.0822	1.1278	1.5767
N'nd Antilles	(A/Guilder)	3.1065	1.7993	0.9745	1.3625
New Zealand	(NZ $)	2.5810	1.4949	0.8097	1.1320
Nicaragua	(Cordoba)	138.78	80.3822	43.5388	60.8684
Niger Rep	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Nigeria	(Naira)	8.1435	4.7167	2.5548	3.5717
Norway	(Nor. Krone)	11.5425	6.6854	3.6211	5.0625
Oman	(Rial Omani)	0.6670	0.3863	0.2092	0.2925
Pakistan	(Pak. Rupee)	31.00	17.9554	9.7254	13.5964
Panama	(Balboa)	1.7265	1	0.5416	0.7572
Papua New Guinea	(Kina)	1.4802	0.8573	0.4643	0.6492
Paraguay	(Guarani)	555.13o	321.5348	174.1584	243.4780
		1579.53a	914.8740	495.5388	692.7763
Peru	(Inti)	57.25o	33.1595	17.9607	25.1096
		301.85a	174.8334	94.6980	132.3903
Philippines	(Peso)	35.20	20.3880	11.0431	15.4385
Pitcairn Is	(£ Sterling)	1.00	0.5792	0.3137	0.4385
	(NZ $)	2.5810	1.4949	0.8097	1.1320
Poland	(Zloty)	758.78	439.4902	238.0486	332.7982
Portugal	(Escudo)	258.20	149.5511	81.0039	113.2456
Puerto Rico	(US $)	1.7265	1	0.5416	0.7572
Qatar	(Riyal)	6.3065	3.6527	1.9785	2.7660
Reunion Is. de la	(F/Fr)	10.7475	6.2250	3.3717	4.7138
Romania	(Leu)	14.78t	8.5606	4.6368	6.4824
Rwanda	(Fr)	136.063	78.8085	42.6864	59.6767
St Christopher	(E Carr $)	4.69	2.7164	1.4713	2.0570
St Helena	(£)	1.00	0.5792	0.3137	0.4385
St Lucia	(E Carr $)	4.69	2.7164	1.4713	2.0570
St Pierre	(French Fr)	10.7475	6.2250	3.3717	4.7138
St Vincent	(E Carr $)	4.69	2.7164	1.4713	2.0570
San Marino	(Italian Lira)	2353.00	1362.8728	738.1960	1032.0175
Sao Tome	(Dobra)	131.8128	76.3468	41.3530	57.8126
Saudi Arabia	(Riyal)	6.5023	3.7661	2.0399	2.8518
Senegal	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Seychelles	(Rupee)	9.40	5.4445	2.9490	4.1228
Sierra Leone	(Leone)	56.20	32.5514	17.6313	24.6491
Singapore	($)	3.5318	2.0456	1.1080	1.5490
Solomon Is	($)	3.6390	2.1077	1.1416	1.5960
Somali Rep	(Shilling)	173.55	100.5212	54.4470	76.1184
South Africa	(Rand)	4.1875c	2.4254	1.3137	1.8366
		6.0135g	3.4830	1.8865	2.6375
Spain	(Peseta)	210.45	121.8940	66.0235	92.3026
Spanish Ports in N Africa	(Sp Peseta)	210.45	121.8940	66.0235	92.3026
Sri Lanka	(Rupee)	55.00	31.8563	17.2549	24.1228
Sudan Rep	(£)	7.8098	4.5234	2.4501	3.4253
Surinam	(Guilder)	3.0979	1.7943	0.9718	1.3587
Swaziland	(Lilangeni)	4.1875	2.4254	1.3137	1.8366
Sweden	(Krona)	10.9450	6.3394	3.4337	4.8004
Switzerland	(Fr)	2.6500	1.5348	0.8313	1.1622
Syria	(£)	36.4455	21.1094	11.4338	15.9848
Taiwan	($)	50.00	28.9603	15.6862	21.9298
Tanzania	(Shilling)	179.50	103.9675	56.3137	78.7280
Thailand	(Baht)	43.60	25.2534	13.6784	19.1228
Togo Rep	(CFA Fr)	537.38	311.2539	168.5898	235.6929
Tonga Is	(Pa Anga)	2.1355	1.2368	0.6699	0.9366
Trinidad/Tobago	($)	6.2478	3.6187	1.9600	2.7402
Tunisia	(Dinar)	1.5246	0.8830	0.4783	0.6686
Turkey	(Lira)	2460.34	1425.0448	771.8713	1079.0964
Turks & Caicos	(US $)	1.7265	1	0.5416	0.7572
Tuvalu	(Australian $)	2.1355	1.2368	0.6699	0.9366
Uganda	(New Shilling)	258.2287	149.5677	81.0129	113.2582
U A E	(Dirham)	6.3690	3.6889	1.9981	2.7934
United Kingdom	(£)	1.00	0.5792	0.3137	0.4385
United States	(US $)	1.7265	1	0.5416	0.7572
Uruguay	(Peso)	629.32	364.5062	197.4337	276.0175
USSR	(Rouble)	1.0507	0.6085	0.3296	0.4608
Vanuatu	(Vatu)	175.00	101.3611	54.9019	76.7543
Vatican	(Lira)	2353.00	1362.8728	738.1960	1032.0175
Venezuela	(Bolivar)	25.1648e	14.5756	7.8948	11.0371
		13.0163p	7.5391	4.0835	5.7089
		61.241	35.4706	19.2125	26.8596
Vietnam	(Dong)	638.6640	369.9183	200.3651	280.1157
Virgin Is-British	(US $)	1.7265	1	0.5416	0.7572
Virgin Is-US	(US $)	1.7265	1	0.5416	0.7572
Western Samoa	(Tala)	3.4460	1.9959	1.0810	1.5114
Yemen	(Rial)	17.76	10.2867	5.5717	7.7894
Yemen PDR	(Dinar)	0.5953	0.3448	0.1867	0.2610
Yugoslavia	(Dinar)	4410.82	2554.7755	1383.7866	1934.5701
Zaire Rep	(Zaire)	326.84	189.3078	102.5380	143.3508
Zambia	(Kwacha)	13.30	7.7034	4.1725	5.8333
Zimbabwe	($)	3.1650	1.8331	0.9929	1.3881

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate;
Some data supplied by Bank of America
Monday July 25 1988

COMMODITIES AND AGRICULTURE

Bullion prices tumble as speculators pull back

By Kenneth Gooding, Mining Correspondent

THE PRICE of silver bullion tumbled again yesterday and triggered off a sympathetic fall by gold.

Silver, driven by speculative buying mainly from private investors, reached 772 cents a troy ounce on Friday but there were warnings by analysts that it could lose ground just as fast.

The fall started on Monday, when silver closed 19 cents an ounce down, and at one stage yesterday the metal fell to 692 cents before edging back to close at 702 cents.

Selling pressure dropped gold to $427.50 in London et one point yesterday but then it rallied to close at 431.50, down $12.25 an ounce since Friday.

Traders said there was good support for the gold price above $430 an ounce. A trader at a Swiss bank said be traced the heavy selling during Monday night to correction of an overbought market prompted by the stronger dollar and producer sales.

Bullion loans arranged by the mining industry – where they borrow gold to sell immediately to raise cash and then pay back in bullion later – certainly have had a major impact on tbe market this year.

According to estimates by Landell Mills Commodities Studies in its latest Precious Metals Bulletin, gold loans since the begining of 1988 have exceeded 4m ounces, or nearly 125 tonnes of gold, worth $1.5bn.

Much of the impact was felt in the first quarter, it points out. But a steady stream of new deals has continued since then, tbougb typically they have been on a relatively small scale and for amounts of 30,000 to 40,000 ounces or less.

Gold loans for ventures in developing countries are so far virtually unknown, but this might change, Landell Mills suggests. Among the largest deals under consideration is a loan of more than $100m for a property in the Philippines being appraised by Galactic Resources of Canada and the local Lepanto Mining group.

Landell Mills says: "In a gold market likely to be characterised by sideways or downward drifting (prices), the incentive for producers to borrow bullion and sell on occasional rallies, thereby optimising revenues and raising funds for capital investment, seems certain to remain strong".

Meanwhile, traders suggested yesterday that precious metals prices could be subject to wild gyrations today when European options expire. Tbe market will also be affected by the report on the US second-quarter gross national product, which might fuel fears of inflation, they said.

Peru agrees $600m silver credit

By Barbara Durr in Lima

PERU'S NEW plan to use silver as collateral to finance imports has recorded its first success. The Peruvian central bank has announced that it has agreed a credit of up to $600m with Banque Louis Dreyfus, the French finance house, for purchases of agricultural goods.

Peru announced last Friday that it intended to withhold silver produced by the state-owned sector – equivalent to 40 per cent of the country's output – from the international market to create a special fund at the central bank that would be used as collateral to finance imports.

Scepticism had greeted Peru's move, as traders believed that creditors would not accept a metal as unstable as silver as a guarantee. However, the Dreyfus deal signals a willingness on the part of some financiers to consent to the scheme.

The amount of the Dreyfus credit is in fact larger than Peru's annual export earnings from silver, which were projected at about $400m for 1988, about half of which is already committed through contracts.

Chernobyl 'failures' criticised

By Richard Donkin

LAMB AFFECTED by high doses of radiation from the Chernobyl fall-out cloud which swept over Britain in May 1986 almost certainly entered the food chain, according to a select committee report which criticises the Government for a series of failures in response to the emergency.

The second report of the House of Commons Select Committee on Agriculture, published yesterday, holds the Government responsible for an initial lack of co-ordination between different departments and says that its approach to information-handling could have been more effective.

The report, listing 33 separate conclusions and recommendations, says that on the balance of probabilities some young suckling lambs above the 1,000 becquerels per kilogram limit entered the food chain in the period before June 20, 1986. The committee did not believe, however, that significant numbers would have done so, since most animals going for slaughter at the time were mature. The lambs would have ingested high concentrations of Caesium in their mother's milk.

There was a clear failure, says the report, in the Ministry of Agriculture's information-processing and assessment, particularly in the case of a radioactive hot spot identified by a meteorological officer in Leeds, which was ignored for 18 months.

The Government did not give the public enough information about the emergency, or satisfactory reasons to justify its actions, said the committee. An authoritive central voice was lacking.

The Government's decision to take no precautionary action prior to the movement and slaughter restrictions was exonerated by the committee. It was concerned however, that the existence of figures predicting additional fatalities – five expected deaths from 100 extra thyroid cancers and 40 other deaths from Chernobyl-related diseases – did not elicit some greater explanation from the Government of the course of action it adopted.

In the light of the figures available on milk contamination and the fact that the Government was operating on the best guidelines available at the time its decision to take no action on milk was reasonable, said the committee.

The MPs said the Government was also acting responsibly on the best advice at the time in setting the action limit for radiocaesium levels in lamb at 1000 Bq/Kg.

The committee called for research into all aspects of nuclear contamination and welcomed the establishment of a working party to study ways of extending monitoring arrangements.

The Ministry of Agriculture last night said it was preparing a detailed reply to the report but welcomed in particular the committee's findings on its decision to take no action on milk.

Dr David Clark, the shadow agricultural spokesman, said the report demonstrated there was a need for a clear Government contingency plan to prevent contaminated produce from any future disasters entering the food chain. "In not having such a plan the Government was guilty of gross irresponsibility," he said. He added: "The Government had hoped to cover up the whole incident as they did with the Windscale fire. Happily they have failed."

The radioactive cloud passed over Britain on the weekend of May 3-4 and on May 5 the public was advised not drink fresh rainwater. In mid-May caesium levels in lambs started to build up leading on May 20 to a three week ban on movement and slaughter of 4.2m sheep. The measures are still in force on more than 600,000 sheep in the UK.

Negotiations resume at Kitimat smelter

NEGOTIATORS for Alcan Aluminium were meeting with the Canadian Association of Industrial and Allied Workers yesterday after a provincial mediator agreed to a union request to drop out of contract talks at Alcan's Kitimat smelter, 400 miles nortb of Vancouver, reports Reuter.

Mr Allan Hewitson, a company official, said the 1,500 bourly paid workers should be in a legal position to strike on July 27, but Mr Bill Garvin, a union official, said the membership could not walk out until July 28. Both sides agreed they were deadlocked over whetber tbe new contract would be retroactive to the date of its signing or to July 23, the expiry date of the old contract.

Continuing platinum shortfall forecast

By Kenneth Gooding

PLATINUM DEMAND will continue to exceed supply until at least 1992 and the shortfall this year will be about 175,000 ounces, stockbroker Williams de Broe suggests in its half-year survey.

Consequently, the stage is set for the platinum price to remain firm in the short to medium term. "We believe that $500 a troy ounce represents a floor price below which any visit during the current quarter is likely to be short-lived, wbereas sorties above $575 will not be uncommon," it adds.

The analyst, Mr Peter Rolfe-Johnson, points out that the platinum price can be very volatile because it is susceptible to market moods. Nevertheless, "as things stand at the moment, we are inclined to raise our estimate for the 1988 average to $535-$565 an ounce."

Last year platinum supplies in the non-Western world totalled 3.1m ounces, a shortfall of 220,000 ounces compared with demand of 3.32m – the third successive year when demand did not match supply.

Sontb Africa's role as the dominant producer will become more pronounced in the future because its share of total mined output will rise from 83 per cent at present to 93 per cent by the mid-1990s, the broker points out.

It suggests that this year newly-mined supplies of platinum will increase only slightly and that the other major producer, the Soviet Union, may well rednce its sales to the West.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,035-2,080 (2,035-2,080).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 5.35-5.50 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, ingots 7.90-8.10 (same), sticks 7.90-8.10 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.70-6.95 (6.55-6.85).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 320-333 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.40-3.50 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 9.65-9.80 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 48-56 (46-56).

VANADIUM: European free market, min. 98 per cent, VO, cif, 4.50-5.10 (4.50-5.00).

URANIUM: Nuexco exchange value, $ per lb, UO, 15.10 (same).

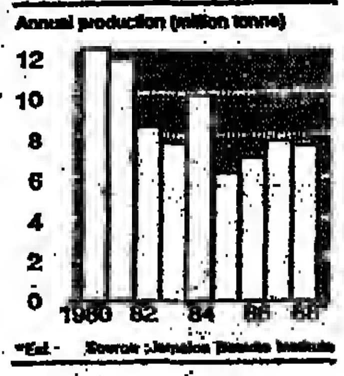
Jamaican bauxite back on course

Canute James on efforts to rehabilitate an ailing industry

THE JAMAICAN Government and Kaiser Aluminum are close to an agreement to reopen the island's largest bauxite refinery, which was closed just under three years ago. The reopening of the plant will represent the final step in the Government's efforts to rehabilitate the industry of the world's third largest producer of the ore, after Australia and Guinea. The negotiations, which Jamaican officials say are close to a conclusion, coincide with concessions being granted by the Government to mining and refining companies in a long-running dispute over taxation policy. In March the Government and the Aluminum Company of America (Alcoa) agreed on terms for the company's return to Jamaica to operate its 800,000 tonnes-a-year refinery. Workers are now being recalled to the mothballed 1.2m tonnes-a-year refinery operated by Alumina Partners of Jamaica (Alpart), which is jointly owned by Kaiser and Reynolds Metals. The rehabilitation of the refinery will cost about $30m, according to Jamaican officials. Under the agreement, they say, Kaiser will purchase Reynolds' 50 per cent interest in the facility, but it is not yet clear whether the Jamaican Government itself will buy into the plant. In settling its differences with Alcoa, it bought a 44 per cent interest in the company's plant for $26m, bringing its stake to 50 per cent. The Government is also discussing with Alcan a new agreement on the operations of the company's two refineries, in which the state has a 7 per cent interest, and which have a combined rated capacity of 1.1m tonnes a year. The company's reluctance to bring output from about 750,000 tonnes per year to full rated capacity until tax concessions were offered, led to a legal row which was settled in the company's favour before a Law Lord in London. A successful conclusion of these negotiations will bring Jamaica's refining capacity to 3.1m tonnes a year, rising to 3.3m tonnes when the Alcoa refinery is expanded. It is on this basis that Mr Edward Seaga, Jamaica's Prime Minister and Finance Minister, recently said there were plans to increase ore output to 9m tonnes this year, with a target of 12m tonnes a year by 1996. Output last year was 7.7m tonnes after slumping from 12m tonnes in 1980 to 6.5m tonnes in 1985. The chances of success in the negotiations have been significantly enhanced by the Government's effort to address complaints from the companies over a controversial bauxite production levy imposed unilaterally 14 years ago, which they argued had increased production costs, making the Jamaican industry less competitive. The production levy was pegged at 6 per cent of the average market price for aluminium ingot sold in major markets in North America, Europe and Asia. Under the changed tax structure, which has already been applied to Alcoa and which will be granted to the other companies, the production levy is being cut by about 50 per cent, with the companies being asked to pay a 33⅓ per cent tax on profits. Earlier fears, expressed by government officials, that the island's economy would lose foreign earnings with the reduction of the levy rate, have been replaced by a conclusion that the income taxes, and the expansion of

Jamaican bauxite

Annual production (million tonne)



*Est. Source: Jamaica Bauxite Institute

mining and refining, will more than compensate. According to Dr Carlton Davis, executive director of the Jamaica Bauxite Institute, all three companies operating will be complying with the new levy and income tax structure by next year. "We had to find a solution which recognised that their case had some validity, but which, nevertheless, protected our interest," he says. Based on increased prices for aluminium, the Government had earlier announced that the rate for bauxite mined by the companies this year was being increased 20 per cent to $20.93 a tonne. Mr Seaga said the new rate was based on an ingot price of 72 cents a pound, compared with 62 cents for last year. The increase in alumina output expected from the reopened Alumina Partners refinery and higher production from the Alcoa and Alcan plants will also allow the Government to meet its market commitments and to supply new markets which it is seeking. Under an agreement which was affected in 1985, Jamaica has been supplying varying amounts of alumina to Marc Rich, the commodity broker, with shipments last year reaching 700,000 tonnes. Officials say this year's shipments to Marc Rich will be about 600,000 tonnes – to be supplied from the Government's 50 per cent share of the Alcoa refinery, supplemented by purchases by the Government from Alcoa's share of the production. Supplies to Marc Rich are likely to be increased after the Alumina Partners refinery is brought on stream, under an alumina-for-oil barter deal. The oil, officials say, will be used primarily for firing the refinery, but some is likely to be used in electricity generation for the national grid. The Government has also indicated to the Soviet Union that it is interested in increasing shipments of bauxite which it has been supplying under a contract for 1m tonnes a year expiring in 1990. Dr Carlton Davis suggested recently that supplies to the Soviet Union could reach 1.5m tonnes of ore per year.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices fell heavily yesterday before recovering some of the losses in the late afternoon. The three-month price closed down £26 at £927 a tonne. The fall followed a sharp decline in New York, but dealers said speculative liquidation had been sparked by a big fall in sugar prices. The prospect of more sales by the Ivory Coast also overhangs the market. Coffee prices closed flat after making good gains in morning trading. But they also followed New York down in the afternoon, with profit-taking at the day's highs aiding the trend. The latest ICO Indicator price of 114.53 cents a lb means that a cut in the world export quota of 1.5m bags to 51.5m bags is almost certain today. On the LME influential cash buying of nickel in the morning widened the premium for cash over three-month metal to $1,100 a tonne at one stage.

SPOT MARKETS

Crude oil (per barrel FOB September)		+ or -
Dubai	$13.53-3.61y	-0.33
Brent Blend	$15.35-5.45z	-0.40
W.T.I. (1 pm est)	$15.95-6.00y	-0.30

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$183-185	
Gas Oil	$132-134	-2
Heavy Fuel Oil	$71-73	-1
Naphtha	$138-140	-2
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$431.50	-3.25
Silver (per troy oz)♣	702c	-51
Platinum (per troy oz)	$536.75	-14.75
Palladium (per troy oz)	$125.00	-4.00
Aluminium (free market)	$2850	-35
Copper (US Producer)	108⅝-9¾c	
Lead (US Producer)	38c	
Nickel (free market)	690c	+30
Tin (European free market)	£4235	+30
Tin (Kuala Lumpur market)	18.83r	+0.02
Tin (New York)	337.25c	-0.25
Zinc (Euro. Prod. Price)	$1200	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	115.12p	-0.52*
Sheep (dead weight)†	186.64p	-24.2*
Pigs (live weight)†	67.95p	-1.93*
London daily sugar (raw)	$358x	-21.5
London daily sugar (white)	$330x	-17.0
Tate and Lyle export price	£321.5	+0.0
Barley (English feed)	£102.5z	
Maize (US No. 3 yellow)	£143.5w	
Wheat (US Dark Northern)	£120.25z	
Rubber (spot)♥	77.75p	+2.25
Rubber (Sep)♥	84.00p	+2.25
Rubber (Oct)♥	84.25p	+2.25
Rubber (KL RSS No 1 Aug)	353.0m	+2.5
Coconut oil (Philippines)§	$615s	
Palm Oil (Malaysian)§	$485z	
Copra (Philippines)§	$425	-16
Soyabeans (US)	$189	
Cotton "A" index	62.85c	-0.10
Wooltops (64s Super)	650p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Aug/Sep. s-Sep/Oct. z-Aug. q-Aug/Oct. w-Jul/Aug. y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Jly	910	925	941 910
Sep	927	953	961 918
Dec	938	964	969 928
Mar	948	971	980 940
May	960	983	993 960
Jul	978	998	1005 978
Sep	993	1016	1021 993

Turnover: 11767 (4517) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for July 25: 1216.56 (1228.43) :10 day average for July 26: 1244.46 (1247.54).

COFFEE £/tonne

	Close	Previous	High/Low
Jly	1066	1063	1065 1070
Sep	1083	1084	1113 1080
Nov	1086	1090	1111 1085
Jan	1090	1096	1115 1087
Mar	1095	1107	1121 1092
May	1105	1117	1127 1105
Jly	1112	1130	1122 1110

Turnover: 4966 (1620) lots of 15 tonnes
ICCO indicator prices (US cents per pound) for July 25 :Comp. daily 115.68 (115.68); . 10 day average 114.53 (114.32).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Aug	286.00	338.60	328.60 265.00
Oct	273.00	324.40	316.00 272.00
Dec	290.00	310.00	294.00
Mar	244.40	284.80	277.20 244.40
May	242.00	278.00	272.00 250.00
Oct	237.00		250.00

White	Close	Previous	High/Low
Oct	287.00	330.00	329.00 280.00
Dec	284.00	324.00	314.00 283.00
Mar	282.50	323.00	316.00 284.00
May	281.00	322.00	330.00
Aug	281.00		330.00
Oct	281.00		330.00

Turnover: Raw 11241 (9065) lots of 50 tonnes. White 809 (932).
Paris- White (FFr per tonne): Oct 1821, Dec 1010, Mar 1815, May 1015, Aug 1835 Oct 1825

GAS OIL $/tonne

	Close	Previous	High/Low
Aug	133.75	138.25	134.75 133.50
Sep	134.50	138.75	135.25 134.00
Oct	136.25	138.50	137.00 136.00
Nov	137.00	140.00	138.00 137.00
Dec	138.50	141.50	138.50
Jan	137.25	140.00	138.50 137.25

Turnover 3913 (3821) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	106.15	106.70	106.45 106.15
Nov	108.35	108.80	108.50 108.35
Jan	111.25	111.70	111.40 111.25
Mar	113.85	114.30	114.00 113.85
May	116.40	116.90	116.50 116.40

Barley	Close	Previous	High/Low
Sep	100.80	101.55	101.20 100.80
Nov	103.75	104.35	104.10 103.75
Jan	106.75	107.30	107.15 106.75
Mar	108.90	109.20	109.00 108.90
May	110.80	110.90	110.80 110.65

Turnover: Wheat 75 (31) , Barley 173 (83) .
Turnover lots of 100 tonnes.

POTATOES £/tonne

	Close	Previous	High/Low
Nov	74.0	74.5	
Feb	90.0	00.0	
Apr	109.0	108.9	110.7 108.5
May	120.0	120.0	110.5 119.0

Turnover 395 (548) lots of 40 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	2840-60	2830-50		2840-60		
3 months	2620-40	2670-80		2610-30	2610-50	7,383 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 11,700 tonne
Cash	1568-93	1525-35		1607-8		
3 months	1463-5	1472-3	1470/1457	1462-5	1459-60	46,050 lots
Copper, Grade A (£ per tonne)						Ring turnover 22,575 tonne
Cash	1273-5	1257.5-9.5	1282/1261	1261-2		
3 months	1275-6	1259-61	1277/1250	1264-5	1258-60	63,094 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1210-20	1200-10		1200-10		
3 months	1210-20	1200-10		1200-10	39 lots	
Silver (US cents/fine ounce)						Ring turnover 230,000 ozs
Cash	701-4	750-3		693-3.5		
3 months	715-8	765-8		707.5-9	715-20	504 lots
Lead (£ per tonne)						Ring turnover 7,100 tonne
Cash	345-7	356-8	346/345	343-6		
3 months	347.5-8	357-8	348/342	345-6	345-7	12,045 lots
Nickel ($ per tonne)						Ring turnover 960 tonne
Cash	14900-510	14650-700	15400/15200	15200-400		
3 months	14200-50	14150-200	14350/14250	14200-300	14200-300	6,554 lots
Zinc (£ per tonne)						Ring turnover 7,900 tonne
Cash	727-8	703.5-6.5	730/704	704-6		
3 months	711-2	694-5	714/689	691.5-2.5	708-10	23,150 lots

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	157.10	163.10	163.00 157.00
Dec	159.00	166.00	163.50 158.00
Feb	161.00	167.00	161.00

Turnover 452 (294) lots of 20 tonnes.

FREIGHT FUTURES $10/Index point

	Close	Previous	High/Low
Jly	1200	1207	1200
Aug	1268	1260	1280 1268
Oct	1405	1410	1410 1400
Jan	1429	1430	1429 1420
Apr	1453	1455	1453
Jly	1255	1263	1255
BFI	1100	1199	

Turnover 98 (219)

JUTE
August/September c and 1 Dundee BTC $505, BWC $495, STD $435, BWD $425; c and 1 Antwerp STC $475, BWC $465, BWD $415, BTD $426.

COTTON
Liverpool- Spot and shipment sales for the week ended July 22 amounted to 856 tonnes against 20 tonnes in the previous week. Moderate Trading occured with interest in various countries including Israeli, American, W. African and Pakistan.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	431¼-431¾	252-252½
Opening	429¾-430¼	249½-250
Morning fix	430.15	248.536
Afternoon fix	431.20	251.722
Day's high	431¾-442¼	
Day's low	427½-428	

Coins	$ price	£ equivalent
Mapleleaf	444-449	259½-262½
Britannia	444-449	259½-262½
US Eagle	444-449	259½-262½
Angel	441-446	258-260¾
Krugerrand	430-433	251½-253½
New Sov.	101½-102½	59-59¾
Old Sov.	101½-103	59-60
Noble Plat	557.25-63.7	323.7-327.45

Silver fix	p/fine oz	US cts equiv
Spot	698.65	408.60
3 months	712.95	417.45
6 months	728.25	428.65
12 months	759.55	450.60

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sept	Nov	Sept	Nov
2500		239		158
2650		171		236
2800		118		330

Aluminium (99.5%)	Calls	Puts
2550	249	65
2700	166	101
2850	104	236

Copper (Grade A)	Calls		Puts	
2050	180	198	60	122
2150	123	150	102	172
2250	50	111	158	231

US MARKETS

BANK BUYING and commission house short covering rallied gold prices $5, reports Drexel Burnham Lambert. Silver and platinum fell again on continued long liquidation. Fund selling early in the day sent copper down over 200. Trade liquidation and commission profit taking collapsed the sugar market. The October contract closed down 241 to settle at 1206. In coffee trading prices fell over 400 on rumors that Columbia backed out of the coffee talks. In other grain markets, soyabeans, wheat and maize were all off sharply. Increased rain and lack of overseas demand were the main reasons for the decline. Cocoa slipped on news of trade selling in London. September cocoa closed down 61 to settle at 1480. In the crude oil market, trading volume was light. Local traders dominated most of days activity. In the meat markets, live cattle and pork belly prices fell again. Live cattle futures were down over 90 while the bellies were limit down. Continued producer and light speculative selling were the markets main features.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	431.1	425.9	432.2	430.0
Aug	431.7	426.6	434.3	428.7
Sep	434.4	429.2	435.2	434.7
Oct	437.4	432.0	440.0	434.0
Dec	443.0	437.5	445.5	439.5
Feb	448.7	443.2	450.8	445.4
Apr	454.5	449.0	455.0	451.0
Jun	460.4	454.9	461.5	458.5
Aug	466.5	460.9	463.3	463.3

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	526.1	536.9	539.0	525.0
Oct	532.0	542.4	547.5	528.5
Jan	538.9	549.4	551.5	534.5
Apr	545.9	555.4	560.0	544.0
Jul	553.4	562.9	550.0	550.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	688.0	703.6	707.0	692.0
Aug	689.7	705.7	703.0	700.0
Sep	694.0	710.0	715.0	692.0
Dec	709.5	725.9	731.0	709.0
Jan	714.3	730.8	0	0
Mar	724.5	741.4	746.0	722.0
May	735.0	752.0	756.5	736.0
Jul	746.5	763.6	765.0	754.0
Sep	768.0	775.4	780.0	765.0
Dec	775.5	793.2	792.0	790.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	97.30	100.55	100.80	97.25
Aug	96.00	98.70	0	0
Sep	94.00	96.45	97.85	92.80
Dec	89.00	91.80	92.50	88.70
Jan	88.20	00.30	0	0
Mar	86.50	87.80	86.70	86.20
May	86.50	86.30	86.80	85.50
Jul	84.50	84.80	84.50	84.50
Sep	83.50	83.30	83.25	83.25
Dec	82.50	81.00	81.90	81.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	15.92	16.05	16.01	15.85
Oct	16.02	16.10	16.10	15.94
Nov	16.09	16.16	16.10	16.01
Dec	16.16	16.22	16.22	16.06
Jan	16.22	16.27	16.25	16.15
Feb	16.30	16.31	16.30	16.26
Mar	16.27	16.34	16.30	16.26
Apr	16.20	16.37	16.20	16.15
May	16.30	16.40	16.40	16.30
Jun	16.30	16.43	16.30	16.30

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	4415	4417	4430	4375
Sep	4455	4467	4485	4425
Nov	4600	4595	4610	4570
Jan	4710	4699	4710	4670
Mar	4460	4475	4400	4460

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1480	1541	1535	1475
Dec	1495	1556	1552	1491
Mar	1510	1570	1567	1508
May	1528	1590	1576	1530
Jul	1536	1615	1600	1580
Sep	1566	1643	1595	1595
Dec	1623	1678	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	132.95	137.79	139.00	132.00
Dec	132.74	137.23	138.20	131.50
Mar	131.08	135.70	136.80	131.00
May	130.15	134.55	134.50	130.50
Jul	130.00	133.25	133.50	130.00
Sep	130.01	129.50	0	0
Dec	129.00	128.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	12.06	14.47	13.65	11.80
Jan	11.06	13.11	12.60	12.50
Mar	10.53	12.68	12.10	10.51
May	11.80	12.30	11.80	11.80
Jul	11.52	12.02	11.52	11.52
Oct	11.28	11.76	11.41	11.28

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	57.38	58.38	59.00	56.80
Dec	56.00	56.88	56.80	55.85
Mar	56.70	57.35	57.20	56.20
May	57.17	57.85	57.80	56.90
Jul	57.65	58.35	57.90	57.25
Dec	57.80	58.02	57.85	57.45

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	184.35	186.05	187.80	184.25
Nov	177.40	177.80	179.25	177.40
Jan	171.20	171.80	173.70	170.50
Mar	170.00	170.50	172.00	169.55
May	169.00	169.80	171.00	170.00
Jul	168.00	168.00	0	0
Sep	168.00	168.00	0	0
Nov	168.00	168.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

July 25	July 22	mnth ago	yr ago
1952.0	1946.8	1977.1	1627.5

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	135.03	137.09	142.29	127.36
Futures	138.96	141.85	145.53	126.94

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	755/4	800/4	778/0	755/4
Sep	760/0	805/0	782/0	760/0
Nov	756/0	801/0	784/0	756/0
Jan	756/4	801/4	785/0	756/4
Mar	755/0	800/0	784/0	755/0
May	747/0	792/0	778/0	747/0
Jul	747/4	792/4	776/0	747/4
Aug	727/0	770/0	765/0	726/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	25.22	26.72	25.85	25.22
Sep	25.47	26.97	25.90	25.47
Oct	25.67	27.17	26.20	25.67
Dec	25.99	27.49	26.55	25.90
Jan	25.96	27.46	26.60	25.96
Mar	26.00	27.50	26.65	26.00
May	26.20	27.70	26.80	26.20
Jul	26.10	27.30	26.80	26.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	235.2	245.2	240.0	235.2
Sep	230.2	240.2	235.2	230.2
Oct	228.0	236.0	233.0	228.0
Dec	225.1	235.1	231.0	225.1
Jan	223.5	233.0	229.0	223.5
Mar	221.7	231.0	226.0	221.0
May	221.5	231.5	226.0	221.5
Jul	222.5	232.5	224.0	222.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	287/4	302/4	293/0	287/4
Dec	295/4	310/4	301/4	295/4
Mar	299/2	314/2	305/0	299/2
May	300/0	315/0	308/0	300/0
Jul	293/2	308/2	300/0	293/2
Sep	269/0	282/0	280/0	267/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	351/6	371/4	369/0	351/4
Dec	364/6	384/0	380/4	364/0
Mar	369/0	387/0	383/4	367/0
May	351/0	371/0	369/0	351/0
Jul	327/0	347/0	347/0	327/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	65.87	66.35	66.50	65.65
Oct	67.65	68.62	68.00	67.45
Dec	70.92	71.90	71.90	70.80
Feb	71.65	72.97	73.00	71.47
Apr	72.85	74.00	74.00	72.80
Jun	72.72	73.87	73.90	72.37
Aug	70.00	71.30	71.10	70.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	45.50	45.52	46.10	45.02
Oct	39.88	40.95	41.30	39.60
Dec	42.57	43.35	43.60	42.15
Feb	45.30	46.70	46.90	45.20
Apr	44.80	46.10	46.45	44.85
Jul	50.20	51.00	51.10	49.60
Aug	48.30	49.90	0	48.30

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	34.80	36.80	36.70	34.80
Feb	52.75	54.57	54.90	52.65
Mar	52.82	54.42	54.95	52.55
May	54.15	56.00	56.40	54.10
Jul	54.02	55.17	55.15	53.90
Aug	53.02	54.80	54.80	53.00

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to improve

THE DOLLAR'S late improvement on Monday gathered pace in currency markets yesterday, amid growing expectations that today's release of second quarter US GNP figures would show a sharp increase in the inflation rate.

The improvement came despite further intervention by the Bundesbank. Other central banks stayed out of the European market, which highlighted once again that non co-ordinated intervention was only likely to have a limited effect. The Bundesbank sold dollars, as the US unit broke above DM1.85, which earlier had been regarded as a strong resistance point - at least until the release of GNP data. However the dollar was checked only briefly, and soon moved up to DM1.8530. It closed at DM1.8605, np from DM1.8455, and Y132.50 compared with Y132.10.

Elsewhere it finished at SFr1.5455 from SFr1.5345 and FFr6.2725 from FFr6.2250. On Bank of England figures, the dollar's exchange rate index rose from 97.5 to 98.3.

A sharp rise in US durable goods orders in June gave underlying support, although the 8.8 p.c. rise included a large component of aircraft orders. Forecasters had been looking for a 2.4 p.c. rise, compared with a 1.9 p.c. fall in May.

In New York trading the US Federal Reserve Board was reported to have sold dollars at around DM1.8600, and the dollar came back to DM1.8550.

Sterling lost some of its recent sparkle, but mostly against a stronger dollar. It was unchanged against the D-Mark at DM3.1875, managing to hold on to its recent gains against the D-Mark while underpinned by a large interest rate differential. However there was little incentive to try and push through the DM3.20 level. Monday's failure to achieve a break through, after intervention by the Bank of England, persuaded many investors to wait until June trade figures are released today. In addition, many institutions are holding long sterling positions at just under DM3.20, which means that any half-hearted attempt to break resistance is likely to be countered with heavy selling. On Bank of England figures, the pound's exchange rate index fell to 76.2 from 76.4 at the opening and 76.6 on Monday.

Against the dollar it closed at $1.7135 from $1.7265 and Y227.00 from Y228.00. Elsewhere it dipped to SFr2.6475 from SFr2.6500. It was unchanged against the franc at FFr10.7475.

The D-Mark was weaker against the yen, slipping to a record low of Y71.35 from Y71.68 on Monday. The break through Y71.50, which was the previous record low, prompted heavy stop loss selling. The D-Mark's weakness raised expectations of an increase in West German interest rates at tomorrow's meeting of the Bundesbank central council.

Intervention by the Bundesbank was confined to dollar sales. Even so the US unit rose to a fixing level of DM1.8540

The D-Mark showed little change against the French franc, despite a recent widening of interest rate differentials. This was partly due to the dollar's improvement against the D-Mark, and there was no intervention by the Bank of France to hold the dollar's rise.

Yesterday the D-Mark was fixed in Paris at FFr3.3716 compared with FFr3.3720 on Monday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5771	+2.64	+1.06	±1.5344
Danish Krone	7.85212	7.90748	+0.71	-0.87	±1.5404
German D-Mark	2.05853	2.08299	+1.19	-0.39	±1.0981
French Franc	6.90403	7.02488	+1.75	+0.17	±1.3674
Dutch Guilder	2.31943	2.35046	+1.34	-0.24	±1.5012
Irish Punt	0.768411	0.775271	+0.89	-0.69	±1.6684
Italian Lira	1483.58	1539.95	+3.80	+2.86	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

July 26	Latest	Previous Close
£ Spot	1.7140-1.7145	1.7205-1.7255
1 month	0.36-0.35pm	0.36-0.36pm
3 months	1.04-1.01pm	0.99-0.97pm
12 months	3.39-3.29pm	3.15-3.12pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

July 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7090-1.7265	1.7130-1.7140	0.37-0.34cpm	2.49	1.05-1.00pm	2.39
Canada	2.0680-2.0990	2.0735-2.0745	0.25-0.15cpm	1.16	0.63-0.51pm	1.10
Netherlands	3.59-3.60¼	3.59¼-3.60¼	1⅞-1½cpm	5.63	5¼-4⅝pm	5.49
Belgium	66.35-66.80	66.60-66.70	29-15cpm	0.50	71-54pm	0.13
Denmark	12.07¾-12.12	12.10½-12.11½	3⅛-1½orepm	2.29	7⅞-6pm	2.29
Ireland	1.1790-1.1880	1.1855-1.1865	0.37-0.27pm	3.24	0.96-0.76pm	2.90
W. Germany	3.18¼-3.19¼	3.18½-3.19	1⅝-1⅜pfpm	5.88	4⅞-4¼pm	5.73
Portugal	256.15-258.90	256.20-257.20	26-81cdis	-2.54	104-205dis	-2.45
Spain	210.25-211.30	210.70-211.00	15pm-7cdis	0.17	22-parpm	0.21
Italy	2352-2357¾	2355½-2356½	par-3lirdis	-0.76	par-5dis	-0.42
Norway	11.54¼-11.57	11.54¾-11.55¾	2-3oredis	-2.60	6⅛-7⅛dis	-2.42
France	10.73-10.75½	10.74¼-10.75¼	3½-2⅛cpm	3.42	9½-8⅛pm	3.33
Sweden	10.91¾-10.95½	10.93¼-10.94¼	½-parorepm	0.27	1⅜-⅞pm	0.48
Japan	226½-227¾	226½-227½	1⅜-1ypm	6.28	3⅝-3¼pm	6.06
Austria	22.36-22.42	22.38-22.41	8⅞-7½gropm	4.39	28½-24¼pm	4.71
Switzerland	2.64¼-2.65¾	2.64¼-2.65¼	1⅝-1⅜cpm	7.08	4⅞-4⅝pm	6.70

Belgian rate is convertible francs. Financial franc 67.40-67.50. Six-month forward dollar 1.94-1.89cpm 12 months 3.35-3.25pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7090-1.7265	1.7130-1.7140	0.37-0.34cpm	2.49	1.05-1.00pm	2.39
Ireland†	1.4415-1.4550	1.4420-1.4430	0.10-0.15cdis	-1.04	0.25-0.35dis	-0.83
Canada	1.2070-1.2165	1.2080-1.2090	0.12-0.15cdis	-1.33	0.38-0.41dis	-1.30
Netherlands	2.0820-2.1025	2.0990-2.1000	0.56-0.54cpm	3.15	1.64-1.61pm	3.10
Belgium	38.55-38.95	38.85-38.95	5.50-4.00cpm	1.47	14.00-12.00pm	1.34
Denmark	7.00½-7.06¾	7.06½-7.07	0.15p-035oredis	-0.17	par-0.50dis	-0.14
W. Germany	1.8440-1.8630	1.8600-1.8610	0.55-0.52pfpm	3.45	1.53-1.48pm	3.24
Portugal	150-151	150½-150¾	55-80cdis	-5.39	155-205dis	-4.79
Spain	122.05-123.10	122.90-123.00	20-30cdis	-2.44	60-70dis	-2.12
Italy	1364¼-1375½	1374¾-1375¼	2.60-3.30lirdis	-2.58	9.20-9.90dis	-2.78
Norway	6.69¼-6.75	6.74-6.74½	2.75-2.90oredis	-5.02	8.05-8.25dis	-4.83
France	6.22¼-6.28	6.27-6.27½	0.50-0.40cpm	0.86	1.40-1.20pm	0.83
Sweden	6.34¼-6.38½	6.38-6.38½	1.23-1.33oredis	-2.41	3.30-3.50dis	-2.13
Japan	131.55-132.80	132.45-132.55	0.43-0.40ypm	3.76	1.24-1.19pm	3.67
Austria	12.96½-13.07½	13.06¼-13.06¾	2.65-1.75gropm	2.03	8.50-6.20pm	2.26
Switzerland	1.5335-1.5490	1.5450-1.5460	0.61-0.57cpm	4.58	1.66-1.61pm	4.23

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.30-39.40.

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

EURO-CURRENCY INTEREST RATES

July 26	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞-9¾	10-9¾	10½-10⅜	10⅞-10¾	11-10⅞	11⅛-10⅞
US Dollar	7⅞-7⅝	8-7¾	8⅛-7⅞	8⅛-8⅛	8⅝-8½	8⅞-8⅝
Can. Dollar	8½-8¼	9-8¾	9⅛-8⅞	9¾-9½	10-9¾	10¼-10
D. Guilder	5-4⅞	4⅞-4⅞	4⅞-4¾	5⅛-4⅞	5¼-5⅛	5⅜-5¼
Sw. Franc	3⅛-3	3⅛-3¼	3⅞-3⅞	4⅛-3⅞	4¼-4⅛	4⅜-4⅞
Deutschmark	4⅞-4⅞	4⅞-4⅝	4⅞-4⅞	5⅛-4⅞	5⅜-5⅛	5⅜-5¼
Fr. Franc	7⅛-6⅞	7⅛-7	7⅛-7⅛	7⅞-7⅝	7⅞-7⅝	8⅛-8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates higher as pound falls

INTEREST RATES were at least ⅛th of a point firmer yesterday, as the market acted nervously ahead of June trade figures - due for release this morning. Renewed dollar strength, which helped to push sterling to its lowest level of the day at the close, added to the market's discomfort.

The firmer trend reflected a growing concern that a large current account deficit could force interest rates higher, in an attempt to offset the inflationary pressures associated with an increase in imports.

UK clearing bank base lending rate 10½ per cent from July 18

Three-month interbank money rose to 10⅞-10¾ p.c. from 10¾-10⅝ p.c. Overnight interbank money traded between a high of 10¾ p.c. and a low of 9 p.c.

The Bank of England forecast a shortage of around £300m, with factors affecting the market including repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £448m. These were partly offset by Exchequer transactions which added £70m and a fall in the note circulation of £40m. In addition, banks brought forward balances £50m above target.

The forecast was revised to a shortage of around £200m, and the Bank gave assistance in the morning of £116m through outright purchases of eligible bank bills in band 4 at 10⅜ p.c.

Further assistance in the afternoon came to £27m, and was made up of £2m of eligible bank bill purchases in band 3 and £25m in band 4, all at 10⅜ p.c. Total help came to £143m.

Interest rates were also firmer in Frankfurt ahead of tomorrow's meeting of the Bundesbank central council - the last meeting before the summer break. The argument ran that persistently high money supply growth and the threat of rising inflation would encourage the authorities to set in place a higher interest rate structure.

The 4.5 p.c. Lombard rate in particular, was noted as being out of line with prevailing money market rates. Call money has been at the same level as the Lombard rate since the early part of July, compared with a more normal half point differential.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL FUTURES

Sterling prices weaker

LONG GILT and short sterling futures lost ground in the Liffe market yesterday, in thin and unsettled trading, ahead of the UK June trade figures. Higher cash rates and a weaker pound added to the nervous undertone, and the relatively low trading volume suggested that most investors had decided to remain on the sidelines.

The September gilt price opened at 94-13, down from 94.16 on Monday, and traded in a narrow 5 tick range before finishing at 94-10.

Three-month short sterling was equally lacklustre, finishing at 89.03 from an opening level of 89.18 and 89.24 previously.

Most forecasters were looking for an improvement from May's record £1.71bn current account deficit, with estimates centring on a £1.3bn shortfall. However a figure around this level would still put upward pressure on interest rates.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
88	620	642	0	6
90	422	452	2	16
92	226	308	6	36
94	54	151	34	115
96	11	60	155	224
98	3	29	347	357
100	1	13	545	541

Estimated volume total, Calls 1455 Puts 891
Previous day's open int. Calls 28271 Puts 36021

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
80	624	614	2	42
82	429	441	7	105
84	243	318	21	146
86	117	214	59	242
88	30	124	208	352
90	9	53	351	517
92	3	30	545	658

Estimated volume total, Calls 189 Puts 27
Previous day's open int. Calls 1143 Puts 1578

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Aug	Calls-settlements Sep	Puts-settlements Aug	Puts-settlements Sep
17000	1341	1396	16	71
17500	889	990	64	165
18000	514	652	189	327
18500	250	396	425	571
19000	100	221	775	896
19500	32	112	1207	1287
20000	8	52	1683	1727

Estimated volume total, Calls 0 Puts 25
Previous day's open int. Calls 6 Puts 87

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

SWISS FRANC (IMM)

	Latest	High	Low	Prev.
Sep	0.6515	0.6521	0.6500	0.6549
Dec	0.6585	0.6597	0.6572	0.6620
Mar	0.6655	0.6670	0.6645	0.6685

STANDARD & POORS 500 INDEX

	Latest	High	Low	Prev.
Sep	265.35	266.00	254.50	264.85
Dec	267.65	268.30	266.90	267.30
Mar	270.00	270.40	269.25	269.45
Jun	272.00	272.40	271.25	271.40

EUROPEAN OPTIONS EXCHANGE

[illegible]

BASE LENDING RATES

[illegible]

● Charterhouse Bank	10½	Mount Bnkg Corp.	10½	rate. § Demand deposit 5.½%.
Citibank NA	10½	Nat Bk. of Kuwait	10½	Mortgage 10.875% - 11.25%

Company Notices

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

		Bid	Offer	+ or	Yield
American Income	5	28.08	28.08	29.90	(z) 4.31
High Income	5	292.9	296.1	315.3	(z) 4.70
Equity Income	5	169.9	172.4xd	183.6	(z) 4.25
High Yield	5	171.9	173.5	184.7	(z) 5.05
Govt Securities	5	30.09	30.09	31.64	(z) 7.87
International Trusts					
Amer Spec Sits	5	61.19	61.19	65.16	(z) 1.52
European Growth	5	17.92	17.92	19.08	(z) 1.31
International	5	91.71	91.71	97.67	(z) 1.00
Japan	5	137.8	137.8	146.7	(z) 0.01
Pacific	5	221.5	221.5xd	235.8	(z) 0.19
Secs of America	5	178.6	178.6	190.2	(z) 1.06
W'wide Asset Val	5	26.46	26.46	28.17	(z) 1.06
Specialist Trusts					
Asset Value	5	318.3	321.4	342.2	(z) 2.91
Conv & Gilt	5	39.26	39.84	42.42	(z) 5.07
Smaller Co's	5	172.1	172.1xd	183.2	(z) 2.20
2nd Smaller Co's	5	196.3	196.3	209.0	(z) 1.88
Recovery	5	100.6	100.6	107.1	(z) 2.91
Met Min & C'dty	5	108.9	108.9	115.9	(z) 1.43
O'seas Earnings	5	208.1	208.1xd	221.6	(z) 3.16
Technology	5	87.85	87.85	93.56	(z) 1.38
UK Special Sits	5	262.6	262.6	279.6	(z) 2.50

Bell Court Fund Mngt PLC (1500)H
11 Blomfield St, London EC2M 2LB 01-374 2623/4

Far Eastern	5	232.5	233.0	246.5	----	1.22
America	5	203.0	204.0	215.0	----	1.86
UK & European	5	357.5	364.0	383.5	----	3.39

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 01-493 8111

Progressive Inc	5	£15.46	£15.76	16.63	-0.11	1.26
Progressive Acc	5	£21.70	£22.11	25.34	----	1.26
International Inc	5	£16.22	£16.22	17.12	----	1.69
International Acc	5	£20.12	£20.12	21.23	----	1.69
Can & Foreign Inc	5	189.0	189.8	200.3	----	0.91
Can & Foreign Acc	5	211.5	211.5	223.3	----	0.91
Special Sits Inc	5	161.5	161.5	170.4	----	2.42
Special Sits Acc	5	161.5	161.5	170.4	----	2.42

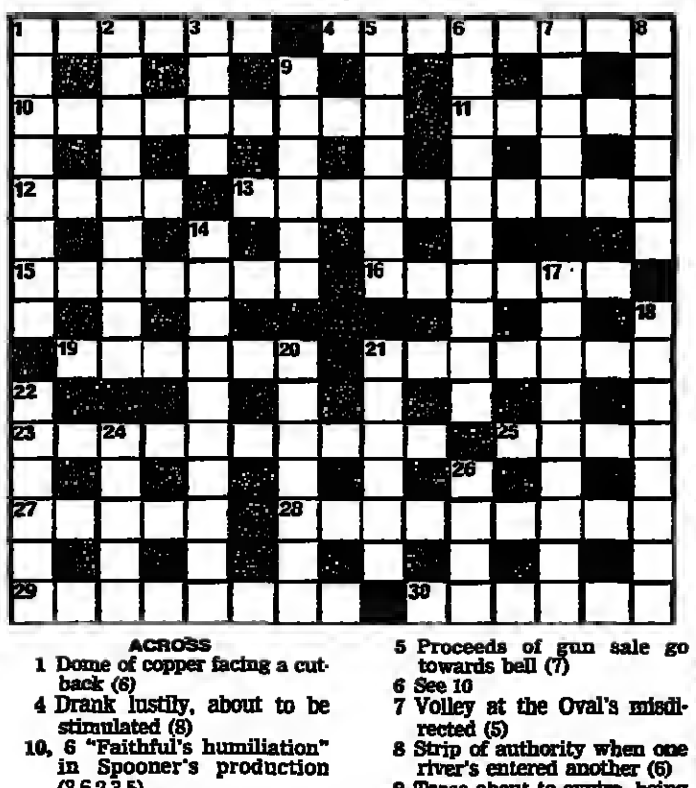
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	5½	183.7	194.9xd	207.3	----	1.51
Brewin Dividend	5½	99.02	103.5	110.1	----	5.67
Brewin Int Gth Inc	5½	210.9	221.0xd	235.1	----	0.49

JOTTER PAD

CROSSWORD

No. 6,692 Set by DOGBERRY



ACROSS

1 Dome of copper facing a cut-back (6)
4 Drank lustily, about to be stimulated (8)
10, 6 "Faithful's humiliation" in Spooner's production (3,6,2,3,5)
11 Bloom to ram about 51 (5)
12 Den the landowner reaches no conclusion (4)
13 Mature love held acceptable? On the contrary! (10)
15 This nation, England, duplicates the French instrument (7)
16 Plot to edge into southern church (6)
19 Good man hankering to mend (6)
21 Mingler mixing with mischief-maker (7)
23 Obligation to take north-south transport in bed (10)
25 Heard false god's redundant (4)
27 The compiler distributes: just the job! (5)
28 Space at home for hero to love Sumo wrestling (5-4)
29 Expecting quiet fury about book (8)
30 Carbuncled agent about to go over the top (6)

DOWN

1 Ring round, you French-American poet! (8)
2 Penny occupying a high office (9)
3 Metal leash (4)
5 Proceeds of gun sale go towards bell (7)
6 See 10
7 Volley at the Oval's misdirected (5)
8 Strip of authority when one river's entered another (6)
9 Tease about to expire, being slightly under par (6)
14 The collapse of Lt North and Phaeton in five disciplines (10)
17 Gauche radio production engulfed by whisky (9)
18 Indecent enemy left US (8)
20 Unchristian to cook chicken? (7)
21 Bringing to court upholding the head of Einstein, for instance (6)
22 Mounted constables round the edge could be tight (6)
24 One of the family in a German backsliding church (5)
26 Squeak at a glance (4)

Solution to Puzzle No.6,691

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: [illegible] - 0001 to 1100 hours; [illegible] - 1101 to 1400 hours; [illegible] - 1401 to 1700 hours; [illegible] - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

British National Financial Services
Perrymount Road, Haywards Heath 0444 414111

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	220.1	231.7	—	—
International	244.1	257.0	—	—
Property	266.1	280.1	—	—
Equity	314.4	331.0	—	—
New Technology	160.4	168.8	—	—
American	97.1	102.2	—	—
Orient	104.0	109.5	—	—
European	87.5	85.8	—	—
Fixed Interest	161.9	170.4	—	—
Deposit	132.8	139.8	—	—
Managed Series 2	219.0	230.5	—	—
International Series 2	241.7	254.5	—	—
Equity Series 2	313.8	330.4	—	—
Managed Pension Accum	287.2	302.3	—	—
Managed Pensions Cap	202.8	213.5	—	—
Property Pens Accum	354.5	373.2	—	—
Property Pens Cap	251.3	264.5	—	—
Equity Pensions Accum	418.3	440.3	—	—
Equity Pensions Cap	296.5	312.1	—	—
New Tech Pens Accum	181.8	191.4	—	—
New Tech Pens Cap	141.5	149.0	—	—
Intl Pens Accum	335.9	353.6	—	—
Intl Pens Cap	238.2	250.7	—	—
Fixed Inc Pens Accum	194.1	204.4	—	—
Fixed Int Pens Cap	137.6	144.9	—	—
Savoy M Stkbrkr Mngd	152.5	160.6	—	—
Cobbold Stckbrkr Mngd	150.6	158.5	—	—
Anglian Fund	93.5	98.4	—	—
Celebration Fund	79.7	—	—	—

CCL Assurance Ltd
74 Shepherds Bush Green, W12 8SD 01-740 7070
Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	173.8	183.3	-0.4	—
American Equity	115.5	121.8	-0.3	—
Far East Equity	188	198.3	-1.8	—
Managed Fund Acc	410	432	-3	—
International Equity	171.4	180.0	-3.4	—
Gilt Edged	212.4	224	+0	—
Money Fund	154.5	162.9	+0.2	—
CCL Henderson	170.8	180.1	+2.7	—
CCL Perpetual	204.3	215.5	-0.2	—
CCL Property	316.9	334.3	-3.3	—
Smaller Coc	352.7	372	+2	—
Personal Evergrowth	113	119.2	-0.8	—
CCL Hend'son Prime Res	92.7	97.7	-0.5	—

Commercial Union Group—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
U/T Euro Gth Fd	102.7	108.2	-0.6	—
U/T Far East Gth Fd	116.6	122.8	-0.6	—
U/T W'wide Bd Fd	94.9	99.9	—	—
David ColSer & Ptnr	130.7	137.6	—	—
Prime Series—Pensions				
Managed	315.5	332.2	+2.5	—
Reserve Managed	95.2	100.3	+0.2	—
Venture Managed	94.4	99.4	+0.8	—
UK Equity	406.1	427.5	+1.9	—
Intl Equity	220.3	231.9	+2.7	—
Property	158.5	166.9	—	—
Fixed Interest	164.9	173.6	-0.3	—
Index Lnkd Gilt	112.2	118.2	—	—
Cash	145.9	153.6	—	—
Investment Tst	164.0	172.7	+0.5	—
Building Society Fd	95.3	100.4	—	—

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN 01-680 5225

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Acc	351.3	369.8	—	—
Property Acc	513.6	540.6	—	—
Int Acc	229.8	241.9	—	—
Managed Acc	300.7	316.6	—	—
Spec Sits Acc	271.0	285.3	—	—
Investment Tst Acc	141.5	148.9	—	—
Pen Int Acc	284.3	299.3	—	—
Pen Prop Acc	811.0	853.7	—	—
Pens Equity Acc	649.9	684.2	—	—
Pen Mngd Acc	369.3	388.0	—	—
Pens Inv Trust Acc	178.0	187.4	—	—

Cornhill Insurance PLC
57 Ladymead, Guildford 0483 68161

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Fd(A&B) July 20	314.5	331.5	—	—
Fixed Int(A&B) July 20	186.5	196.5	—	—
Man Gwth (A&B) July 20	564.0	594.0	—	—
Money Fd (A&B) July 20	155.5	164.0	—	—
Cap Fd July 15	420.5	431.5	—	—
G & S Spec Fd July 15	169.5	175.5	—	—
FarEastEq(A&B) July 20	206.5	217.5	—	—
N.AmerEqty(A&B) July 20	96.0	101.5	—	—
IntTechgy(A&B) July 20	159.0	167.5	—	—
European Equity(I) July 20	94.5	99.5	—	—
Property (A&B) July 20	280.0	295.0	—	—
Mngd Pens Fd July 19	106.5	112.5	—	—
Equity Pens Fd July 19	105.5	111.5	—	—
Fxd Int Pen Fd July 19	99.5	105.0	—	—
Prop Pens Fd July 19	120.0	126.5	—	—
Money Pens Fnd July 19	99.0	104.5	—	—

Prices for other funds available on request.

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fund	267.9	282.1	—	—
Man Pens Inc & Cap Fds	342.7	360.8	—	—
Money Fund	113.2	119.2	—	—
Pens. Mngd Fd (Init)	90.4	95.2	—	—
Pens Mngd Fd (Acc)	104.0	109.5	—	—
Pens FT30 Fd (Init)	128.8	135.6	—	—
Pens FT30 Fd (Acc)	148.1	155.9	—	—
Pens O'seas MgFd(Init)	61.1	64.4	—	—
Pens O'seas MgFd(Acc)	70.3	74.0	—	—
Pens Fxd Int Fd (Init)	106.2	111.8	—	—
Pens Fxd Int. Fd (Acc)	122.1	128.6	—	—
Pens Deposit Fd (Init)	101.5	106.9	—	—
Pens Deposit Fd (Acc)	116.7	122.9	—	—

Premium Life Assurance Co Ltd
37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	96.0	102.0	-3.0	—
Building Soc. Fd	162.0	171.0	—	—
Balanced	245.0	258.0	—	—
Deposit	162.0	171.0	—	—
European	125.0	132.0	+1.0	—
GT Managed	153.0	162.0	—	—
Gartmore Mngd	103.0	109.8	+1.0	—
German	91.0	96.0	—	—
Gilt	167.0	176.0	-1.0	—
High Inc	111.0	117.0	—	—
International Equity	156.8	165.0	—	—
Japan	220.0	232.0	+1.0	—
Managed	55.0	58.8	—	—
Property	258.0	272.0	—	—
R. W. Imperial Gold	131.0	138.0	—	—
UK Equity	329.0	347.0	+1.8	—
Pension Funds				
American	125.8	132.0	—	—
Building Soc. Fd	154.0	163.0	—	—
Balanced	187.0	197.0	—	—
Deposit	151.0	159.0	—	—
European	124.0	131.0	—	—
GT Managed	164.0	173.0	—	—
Gartmore Mngd	99.0	105.0	—	—
German	89.0	94.0	—	—
Gilt	140.0	148.0	—	—
International Equity	117.0	124.0	—	—
Japan	131.0	138.0	—	—
Managed	55.0	58.0	—	—
Property	196.0	207.0	—	—
UK Equity	278.1	296.0	—	—

Prolific Life & Pensions Ltd (z)
Stramongate, Kendall, Cumbria LA9 4BE 0539 33733

	Bid Price	Offer Price	+ or −	Yield Gross
Balanced Gwth Mngd	520.1	548.1	+1.5	—
Adventurous Mngd	97.7	103.0	-0.2	—
Secure Mngd	97.7	103.8	+0.2	—
Cash Fd	218.4	230.2	-0.0	—
Property Fund	260.5	274.6	+0.0	—
Equity Fund	571.2	602.0	+2.9	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	1988 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99¼	83	Redemption 3pc 1986-96	99¼	.....	3.02	9.99
100	99	Treas. 9½pc '88	99		9.53	10.37
102	100	Treas 11½pc 1989	100		11.43	10.35
101	99	Treas 9½pc Cnv 1989			9.55	10.28
97	95	Treas 3pc 1989	96	.....	3.10	7.16
102	99	Treas 10½pc 1989	100		10.48	10.24
102	99	Exch 10pc 1989	99		10.02	10.23
103	100	Exch 11pc 1989	100		10.92	10.21
97	95	Treas 5pc 1986-89	95		5.23	8.83
104	100	Exch 10¼pcCy '89	100½	.....	10.20	9.80
107½	103	Treas 13pc 1990‡‡	104		12.50	9.96
104	100	Exch 11pc 1990‡‡	101		10.84	9.93
107	102	Exch. 12¼pc 1990	103		12.07	10.08
93	91	Treas. 3pc 1990	91		3.27	8.10
99	97	Treas 8¼pc 1987-90‡‡	97		8.45	9.61
102	97	Treas. 8pc Cv 1990 ‡‡	97		8.17	9.20
103	98	Treas. 10pcCv 1990	99		10.02	10.00
91	88	Exch 2½pc 1990	89		2.80	7.66
107	102	Treas 11¾pc 1991	103		11.35	10.08
95	92	Funding 5¾pc '87-91‡‡	92		6.23	9.00
90	87	Treas. 3pc 1991	88		3.40	7.81
105	99	Treas 10pc Cv '91 ‡‡	100½		9.95	9.78
107	101	Exch. 11pc 1991	102		10.73	10.04
98	93	Treas. 8pc 1991	94		8.47	9.98
113	107	Treas 12¾pc 1992‡‡	107		11.83	10.03
104	99	Treas 10pc 1992	100		10.00	9.99
98	93	Treas. 8pc 1992 ‡‡	93		8.52	9.99
106	100	Treas 10½pc Cv 1992‡‡	101½		10.35	10.02
86	83	Treas. 3pc 1992	84		[illegible]	7.82
112	106	Exch. 12¼pc '92	107		[illegible]	10.08
117	110	Exch 13½pc 1992	111¼		[illegible]	10.10
97	92	Treas 8¾pc 1993	93		[illegible]	9.98
105	99	Treas 10pc 1993‡‡	100		[illegible]	9.90
115	108	Treas 12½pc 1993‡‡	109		[illegible]	9.99

Five to Fifteen Years

1988 High	1988 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
95	89	Funding 6pc 1993‡‡	89		6.68	0.46
121	114	Treas 13¾pc 1993‡‡	115		11.96	10.03
101	92	Treas. 8½pc 1994	94		9.05	9.94
125	117	Treas 14½pc 1994‡‡	119	.....	12.16	9.95
120	113	Exch 13½pc 1994	114		11.85	10.12
105	99	Treas. 10pc Ln. 1994‡‡	100		9.94	9.86
116	109	Exch. 12½pc 1994	110		11.30	10.11
101	95	Treas 9pc 1994‡‡	96		9.35	9.79
114	107	Treas 12pc 1995	109		10.02	10.08
83	78½	Exch 3pc Gas 90-95	83½	.....	3.59	6.00
106	100	Exch. 10¼pc 1995	101		10.11	9.96
120	112	Treas 12¾pc 1995‡‡	114		11.19	9.99
126	118	Treas. 14pc '96	119		11.69	10.16
101	95	Treas. 9pc 1992-96‡‡	96		9.37	9.73
133	125	Treas 15¼pc 1996‡‡	127		12.02	10.14
123	115	Exch 13¼pc 1996‡‡	117		11.33	10.04
105	98	Conversion 10pc 1996	100		10.00	9.99
124	116	Treas 13¼pc 1997‡‡	118		11.23	10.04
108	101	Exch 10½pc 1997	102		10.21	9.99
98	92	Treas 8¾pc 1997‡‡	93		9.33	9.81
98	92½	Tr 8¾pc Ln "C" 1997‡‡	93		9.33	9.81

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
10⅞	754p	Transworld Corp $5	10⅛	−⅛	20c	−	1.2
20¼	14½	TRINOVA Corp	15⅝xd	+½	56c	−	2.1
19	15¼	USX $1	18	−⅛	$1.20	−	3.9
23	17⅛	Utd. Technologies	21⅞xd	+⅛	$1.60	−	4.4
33½	26¼	US West	31¼	+⅛	$3.52	−	6.6
21½	16⅞	Waste Management $1	20⅞xd	+⅛	48c	−	1.4
16⅞	12⅞	Whirpool $1	15¼	+¼	$1.10	−	4.2
32¼	18¼	♥Woolworth $3½	28⅜	+⅛	$1.64	−	3.4

CANADIANS

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp	233p	+6	−	−	−
32p	11p	♥Abbot Energy Corp	25p	......	−	−	−
14¼	990p	♥Amer. Barrick Res.	10⅞	−⅛	−	−	−
10p	3½p	American Lightwave	7p	......	−	−	−
47p	18¾p	♥Armeno	19p	−1	−	−	−
76p	45p	Augmitto Explo	64p	+1	−	−	−
15⅞	10⅛	Bk. Montreal	13½	......	$2.00	−	7.2
697p	514p	Bk. Nova Scot.	664p	+6	76c	−	5.6
18⅞	15¼	BCE	17½xd	−⅛	$2.44	−	6.8
716p	591p	♥Bow Valley	682p	......	♦40c	−	2.9
13⅝	10½	♥Brascan	13	−⅛	88c	−	3.3
328p	189p	♥Breakwater Res.	239p	−6	10c	−	2.0
11¾	801p	Can. Imp Bank	11⅛	−⅛	$1.16	−	5.1
11½	841p	Can. Pacific	10¼	......	60c	−	2.7
41½	40	Do. 4pc Deb £100	40½	......	4%	−	9.9
315p	362p	Central Capital "A"	491p	+6	−	−	−
485p	449p	♥Corona Corp	449p	−12	−	−	−
886p	288p	Cons. TVX Min.	395p	−18	−	−	−
305p	76p	Danbus Res.	293p	......	−	−	−
685p	430p	Derlan Inds.	604p	−36	11.75c	−	0.9
14⅛	984p	♥Echo Bay Mines	11⅝	−½	$0.07	−	0.4
40p	26p	Energex Minerals	33p	......	−	−	−
125p	83p	Euro-Asia Capital Ltd	120p	+3	−	−	−
385p	222p	♥Galactic Resources	305p	−12	−	−	−
125p	96p	♥Geodome Res.	96p	−21	−	−	−
394p	206p	Granges Explo	227p	−2	−	−	−
17p	8½p	♥Gt. Pacific Res.	17p	+1	−	−	−
903p	652p	♥Gulf Canada	862p	−18	52c	−	2.9
12⅛	816p	♥Hawker Sid Can	12	......	$1.08	−	4.4
590p	344p	Henlys Group	527p	......	−	−	−
957p	785p	♥Hudson's Bay	903p	−13	60c	−	3.2
27⅝	22⅞	♥Imperial Oil	27⅛	+⅛	$1.80	−	3.2
20⅜	10⅛	Inco	17⅞	−⅝	US$0.80	−	2.6
718p	462p	♥Inland Nat. Gas $1	562p	−12	60c	−	5.2
250p	150p	Madeleine Mines	213p	−7	−	−	−
206p	126p	♥Muscocho Expln.	191p	......	−	−	−
187p	75p	♥Ntnl Business Syst.	108p	......	−	−	−
245p	110p	♥Nevada Goldfields	215p	......	−	−	−
13	787p	♥Rio Algom	10⅞	−⅛	$1.30	−	5.8
16⅛	11½	Royal Bk. Can.	15[illegible]	−⅛	$2.08	−	6.6
34⅜	26⅝	Seagram	[illegible]	+½	US$1.20	−	2.2
361p	177p	♥Sonora Gold Corp	[illegible]	−5	−	−	−
103p	18p	Spiral Eng.	[illegible]	+7	−	−	−
150p	35p	Tam Pure Tech. Corp.	[illegible]	−2	−	−	−
16⅛	11⅛	Toronto-Dom. Bk.	[illegible]	−⅛	$1.12	−	3.6
64p	14p	♥Trans Atlantic Res	[illegible]	......	−	−	−
684p	566p	♥Trans Can Pipe	[illegible]	−12	68c	−	5.2
205p	127p	Varity Corp	[illegible]	−5	8	−	−

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
237	131	ANZ $A1	222	−4	G†Q21c	3.1	4.5	7.3
281	200	Allied Irish	265	−3	Q65.3%	3.1	5.2	8.4
£13	£10¼	Algemene Fl.10	£12⅛	+⅛	Q27%	1.9	6.0	−
73	58	Anglo Irish	70	......	Q19.69%	1.2	3.9	21.9
65	64	Ansbacher (H.) 1p.	84	......	2.0	−	3.2	−
£40½	£24⅝	Banco de Bilbao S.A.	£35⅞	−⅛	Q67.2%	3.1	4.6	6.9
£35⅝	£27⅛	Banco de Santander	£30½	+⅛	Q22%	2.4	1.7	23.9
268	184	Bank Ireland Ir£1	257	......	Q15.67%	3.3	5.1	8.0

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

LEISURE—Contd

1988 High	Low	Stock		Price	+ or —	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	280	Brent Walker 10p		424	—	N.0	3.1	2.5	14.0
[illegible]	93	Do 6pc.Cv.Cm.Rd.Pf	y	123	+1	6.0	—	6.5	—
[illegible]	202	Campari Int. 20p	y	304	−1	6.5	♦	2.9	8.6
[illegible]	165	Castle Comms. 5p	y	240	—	L7.0	2.0	♦	16.8
[illegible]	161	Capital Radio 10p		280	—	16.0	2.7	2.9	17.3
[illegible]	447	Central TV		548	−1	22.0	2.5	5.4	10.1
[illegible]	108	Chrysalis	y	121	+1	7.0	1.9	7.7	9.0
[illegible]	43	Cityvision 5p		80	−2	0.5	3.7	0.8	32.8
[illegible]	13	Classic Th'treis h0.20		32	—	—	—	—	—
[illegible]	49	Edenderry	y	67	−½	Q24.6%	0.9	8.4	20.8
[illegible]	14	Entertain Prod 5p	y	27½	—	—	—	—	—
[illegible]	80	Espelier Leis. 20p	y	141	−4	—	—	—	—
[illegible]	290	Fairline Boats 10p	y	428	—	†9.0	4.7	2.8	10.1
[illegible]	120	First Leisure		143	—	†2.3	3.2	2.2	18.9
475	325	GWS Group 20p	y	475	—	—	—	—	18.7
50	42	Grampian TVA 10p		48	—	2.5	2.6	6.9	7.4
41	26	Greenwich Comm	y	41	—	—	—	—	—
291	214	HTV Ord		274	+1	†9.8	3.8	6.1	5.8
119	45	Hemdmex A$0.25		115	—	m06c	—	2.4	—
60	49	Juliana's Hldgs 2p	y	59	—	2.85	1.4	6.4	12.9
46½	32	Kunick 10p		44	−1	†1.0	2.4	3.0	17.5
177	122	LWT 5p		168	+1	3.7	2.9	♦	9.7
448	183	Land Leisure 10p		420½	−15½	8.0	4.6	2.5	11.2
*118	68	Leisure Inv 10p		104	+6	gt1.45	2.2	1.9	35.2
115	67	Leisuretime Int. 10p	y	93	−2	—	—	—	—
303	235	Marina Dev. 50p	y	300	−2	1.0	♦	0.4	♦
218	175	Mecca Leisure 10p		217	—	tq3.65	2.3	2.2	21.6
115	79	Medminster 10p	y	110	—	tq2.57	2.5	3.1	16.9
415	315	Midsummer Leis		413	—	†4.0	3.1	1.3	27.6
318	200	Miss World 10p		310	—	8.0	2.6	3.4	15.1
62	32	Mollaure Vision 50p		49	−2	—	—	—	♦
23	17	Orpalcorp Invs.N2$0.5		20	—	02c	6.0	3.5	4.7
169	87	Orient Ex Htls $0.125		125	−7	—	—	—	—
95	76	Owners Abroad 5p		80	−1	c2.1	1.9	3.8	22.2
293	218	Pavilion Leisure 10p	y	265	+2	—	—	—	—
123	52	P'dilly Radio NV 5p	y	121	—	†2.25	2.0	2.5	26.4
264	175	Pickwick		263	—	2.6	2.9	1.3	34.4
223	160	Pleasurama 5p		198½	—	06.0	2.5	4.0	11.9
203	147	Do. 7pcCvCumRedPf	y	183	—	7%	—	5.1	—
150	114	Prestwich	y	120	—	†1.0	8.7	1.0	14.6

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

1988 High	Low	Stock		Price	+ or —	Div Net	C'vr	Y'ld Gr's	P/E
31	13	Publishing Hldgs 5p	y	20	—	—	—	—	12.0
236	150	Royal Sovereign 10p	y	234	+4	4.6	1.9	2.6	21.9
26	22½	Scott Pickford 10p	y	24½	−½	3.1	0.7	16.9	12.7
105	68	Seacon Hldgs	y	100	—	—	—	—	—
15½	13	Sonic Tape 2½p	y	14½	−½	—	—	—	19.0
27	18	Staks Hldgs. 5p	y	23	+1	—	—	—	♦
♦½	3	Swanyard Studios 1p	y	3	—	—	—	—	♦
288	200	Takare	y	288	—	b1.0	8.1	0.5	29.6
70	41	Theme Holdings		67	+3	♦1.1	♦	2.2	♦
36	26	Tomorrows Leisure 20p	y	30	−1	—	—	—	12.0
[illegible]	13½	Tullow Oil 10p	y	22	−1	—	—	—	—
[illegible]	115	UPL Group 10p	y	117	+2	L2.41	♦	2.7	♦
[illegible]	120	Unit Group	y	161	+1	3.0	♦	4.1	♦
[illegible]	85	Video Tape Rec 5p	y	110	+2	L2.3	2.3	2.6	17.3

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ▼ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✻ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	y	71	—	
Craig & Rose £1	y	700	—	
Finlay Pkg. 5p	y	98	—	
Holt (Jos) 25p	y	£11 7/16	—	

Arnotts	y	370	—	
CPI Hldgs	y	130	—	
Carrol Inds	y	172	—	
Hall (R. & H.)		368	—	
Helton Hldgs	y	57	+2	
Irish Ropes	y	160	—	
Unidare	y	400	—	

IRISH

Nat. 9¾ % 84/89	£100¼	—
9pc Cap Ln. 1996	£96⅝	—
Fin. 13% 97/02	£119	—

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp	36
BSR	0
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	65
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	00
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30

	p
NEI	10
Nat West Bk	32
P & O Dfd	52
Plessey	16
Polly Peck	30
Racal Elect	32
RHM	38
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45
Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50
Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26
Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

LONDON STOCK EXCHANGE

Special situation stocks feature another sluggish equity session as markets await UK trade figures

Account Dealing Dates		
*First Dealings:		
Jul 18	Aug 1	Aug 15
Option Declarations:		
Jul 28	Aug 11	Sep 1
Last Dealings:		
Jul 29	Aug 12	Sep 2
Account Day:		
Aug 8	Aug 22	Sep 12

*New time dealings may take place from 9.00 am two business days earlier

THE UK stock market made a brave attempt to rally yesterday but lost its nerve again as the session drew to a close and traders braced themselves for the announcement today of UK trade figures for June. Market turnover remained thin although the Seaq total of 338m shares was about 50m up on Monday'a total, helped by interest in banking stocks as National Westminster opened the interim reporting season.

An easier trend in the pound aided international equities at first while domestic issues featured a handful of speculative stocks. 1Cl, with results due tomorrow, found buyers but support for the US-favoured stocks was trimmed towards the end of the day by a nervous opening on Wall Street.

After moving up by 11.3 FT-SE points in early trade, equities found support lacking and began to give back their gains. The July survey of business opinion by the Confederation of British Industry, while received with satisfaction in the wider marketplace, brought little inspiration to equities, and prices ended little changed from overnight.

The FT-SE 100 Index closed 0.8 down at 1837.7, with the market's chart experts noting that the Index had failed to sustain itself above 1840.

Another target of the market chartists attentions was Consolidated Gold Fields, which reversed an early gain to close 13p down after County NatWest WoodMac took a negative view of the stock on the basis that the bullion price, to which ConsGold shares are closely linked, has turned "technically awful" in chart terms.

However, there was little selling pressure. The market continued to focus on the outlook for sterling and for UK base rates, and consequently on the prospects for today's trade figures. A June trade deficit of around £800m on current account is widely expected, and may have been discounted in both equity and bond prices.

Government bonds could make no headway against the nervousness over the trade figures. With neither foreign nor UK funds participating in the market, bond prices were again left to the traders, who had by lunchtime balanced their positions and were unwilling to change them until the trade figure announcement is out of the way.

Long-dated bonds ended about ½ off, with the shorts ⅛ down. Index-linked Gilts opened firmly but lost heart and closed little changed on the session.

The bond market found the CBI survey re-assuring on domestic inflation, which is the chief subject of concern at preseot.

The interim reporting season at the lending banks made a good start with NatWest announcing pre-tax profits of £702m, at the higher end of City forecasts. The sharas moved hriefly upwards after the news, but reacted with the rest of the market to close a net 7 down at 578p.

The dip in NatWest shares reflected some disappointmeot with disclosure of an equity/asset ratio of 4.9, "uncomfortably low", according to some analysts. However, Bill Vincent of Salomon Bros believes the ratio will be above 5 again by the year-end and rejects any likelihood of a rights issue. "The figures were solid if not spectacular", he adds, "with oo significant new provisions against LDC debt."

Midland, with its half time figures due today, edged higher to close at 437p. Barclays closed unchanged at 415p and Lloyds at 310p ended firmer, both ahead of results due before the end of the week.

The chief feature of the financial sector was again the composite iosurance area, which attracted positive comment from County NatWest WoodMac in its annual blockbuster survey of the sector. General Accident improved to 917p before reacting to 913p, a net 1 up.

Ruberoid, the building products group, returned to the limelight as Raine Industries appeared on the scene with a hostile bid. The latter recently acquired a 5.3 per cent cent stake in Ruberoid which raced ahead in active trading to close at the day's best of 265p, up 43. Raine eased 4 to 98p which puts a value of 256p on the part cash and shares offer. There is also a cash alternative of 254p per share.

Speculators had blown hot and cold on the possibility of a full bid from Raine for some while, but the timing of the move took the market by surprise. Apart from this, it was pointed out that all Raine's previous acquisitions have been agreed and some some dealers took the view that the offer may be only a sighting shot.

CASE rose strongly in heavy volume after Dowty, the aerospace and electronics giant, launched a 129p-per share bid for the Watford-based computer services group. The deal, which trumps last week's 109p-per share offer from Canadian telecommunications firm Gandalf, values CASE at £82.5m. Mr Peter Burton, CASE chief executive, immediately welcomed the Dowty bid, describing the deal as a great one for both sets of shareholders.

Dealers expressed relief at the arrival of a "white knight"; many were said to have been unhappy with the terms of Gandalf's hostila £68.9m bid. City observers agreed that it was unlikely that the Canadian predator would return with a counter offer. "They just don't have the finances to compete and I think this will be the end of it," said one market-maker. CASE eventually closed up 22 points at 122p on turnover of 15m, while Dowty slipped back 9½ to 202p during a trade of 3.9m shares.

Beecham attracted above-average buying interest as the shares gained 5 to 470p in turnover of 2.1m. Analysts at the securities house Barclays de Zoete Wedd publish today their first major report produced on Beecham since BZW was appointed joint-broker earlier this year.

Coinciding with the company's agm, the bullish 60-page report examines Beecham's management structure and financial prospects, with particular emphasis on R&D products like Eminase and hypertension drugs. On the back of forecast compound earnings growth of 17 per cent for the next two years, the analysts have raised their full year forecasts by £5m to £475m and £545m for March 1989 and 1990 respectively.

Fisons was the subject of considerable confusion among dealers and analysts as rumours circulated that pentamidine, its aerosol drug against Aids-related pneumonia might have been rejected by the US Food and Drug Administration (FDA). The shares were marked down to 249p, before closing at 250p, a fall of 5 in much-improved turnover of 5.6m.

It emerged that pentamidine has not yet been submitted for final FDA approval and is unlikely to be until well after results from clinical trials can be assessed — indeed, little further progress is likely this year. The implication for profit forecasts is not huge in the short-term because pentamidine is not due to make money until the early 1990's.

International stocks perked up after recent dullness, led by activity and stories in Beecham and Fisons. However, turnover remained low as dealers covered themselves before today's UK Trade figures. ICI enjoyed small US buying and rose ⅛ to £10¼ in volume of 1m shares. Thurday's figures were keeping any real progress in check.

Reuters fell 10 to 517p as US investors turned sellers in tha wake of Monday's figures. Glaxo drifted down 4 to 956p amid an almost total lack of interest.

The absence of many fund managers, currently touring oil installations in Alaska, meant another day of low volumes for both the major and independent producers. Only British Gas, finally unaltered at 183p, and British Petroleum partly-paid, a touch easier at 58½p, managed turnovers in excess of 4m shares, while speculative buying interest for the sector's independent favourites slowed to a trickle.

Restoration of the listing of Highland Participants, this following details of a £45m rights issue, acquisition news and a profit forecast, failed to colour the drab scene. Highland closed at 268p compared with the price at suspension of 274p, the highest level so far this year. Elsewhere, International Petroleum Corp spurted 24 further to a 1988 peak of 299p with traders expecting news soon, perhaps of a gas discovery, concerning offshore drilling in Papua New Guinea.

Brewery stocks remained out of favour. Whitbread's agm went off as predicted, with chairman Mr Sam Whitbread pouring cold water on recent stories suggesting that the company's voting structure may be unlocked. The shares were down 6 to 308p at the close.

News that talks with LandLeisure had been abandoned sent Devenish tumbling 10 to 329p after returning from suspension at 339p. LandLeisure shares crashed 18 to 418p before rallying slightly to close at 420½p. Dealers were speculating that the ambitious leisure and property coompany might make make a hostile bid for the west country brewer.

Some recent speculative Building favourites came to life in the wake of Raine Industries' bid for Ruberoid. Blue Circle moved ahead in a sudden flurry of activity to 450p before falling back to close 8 firmer on balance at 446p. Ibstock Johnsen closed below the best with a rise of 15 on the day at 191p.

Steetley, reflecting the successful result of the rights issue, advanced to 341p before settling 8 higher on the day at 336p. Tarmac, helped by news of building and civil engineering contracts valued at £8m, attracted occasional buying interest and firmed 5 to 233p. Hepworth's interim figures, which came out at £40.08m compared with £26.05m, pleased the market and the shares firmed 2 to 245p.

Chemical stocks were active. Hickson gained 9 to 243p as vvague bid rumours circulated. Sutcliffe Speakman's delayed results were greeted by dealers "with relief". The shares rose 11 to 132p.

In a Stores sector dogged by interest rate worries Sears closed unchanged on 120p after the company announced an increase in its multiple option facility from £200m to £290m due to heavy demand from British and overseas commercial banks. Although bid speculation in Sears has tailed off recently, a rumour circulated in the morning that an order for 20m shares — nearly 1 per cent of the share capital —was in the market. However, by the close turnover in Sears had only reached 1.7m, so the order presumably remained unplaced.

Builders merchants and DIY group Wickes reported interim profits of £3.3m, significantly above most analysts' forecasts. Wickes shares closed unchanged at 280p.

In a subdued Electricals sector, few leaders featured. Revived bid speculation, rumours of a large European aircraft order and bullish noises from analysts nudged Ferranti tuppence better at 90½p on turnover of 10m. STC lost 3 to 274p after Monday's mildly disappointing figures. Although most analysts regard the company's long-term prospects as good, the electronics team at County NatWest WoodMac has moved STC from its "buy" onto its "hold" list.

Recent market newcomer P&P firmed 11 to 248p after announcing profits up 74 per cent at £3.8m. Profit-taking lopped 8 points off Logica, which closed on 375p, while second liner Chloride eased tuppence to 65p after the company's largest shareholder, Prudential, revealed that it had disposed of its 28m share holding. After recent rumours suggested BTR or GEC might bid for Chloride, the latest talk has been of a possible management buy-out.

British Telecom improved 3 to 242p after announcing it had bought an 80 per cent share in Metrocast, an American national paging operator. The move - which will cost $27.9m in total - will give BT access to major paging networks in America.

Engineers provided several noteworthy movements. Bullough reponded to good interim results and proposed acquisition of a French furniture manufacturer by rising 10 to 478p. In contrast, Habit Precision, which announced a half-year loss fell away to close 8 cheaper at 68p.

Food stocks failed to respond to late rumours that there will be a major bid or rights issue announcement today. Dealers mentioned a possible counter-bid for Ranks Hovis McDougall which shed 1½ to 468½p on turnover of just 1.2m shares.

USM-listed Reliant Motor which over the weekend reached agreement with Universal Motors of the US to produce a new version of its Scimitar car now proposes to raise £1.046m net via a rights issue. The shares, higher on Monday, were unaffected at 49p. Sharply reduced annual profits similarly made little impact on BTS, unchanged at 78p.

Business picked up in Traded Options, with very high volume in the FT-SE 100 Index, which attracted 5,407 contracts in all. Total turnover for the market was 32,232, made up of 22,934 calls and 9,298 puts. The attractions of the day were Rolls Royce, as 3,882 calls were traded. Second best was British Gas with 2,263 calls and 238 puts.

Traditional Options

- First dealings July 25
- Last dealings Aug 5
- Last declarations Oct 27
- For Settlement Nov 7

For rate indications see end of London Share Service

There was a noticeable expansion of interest in the Traditional option market. Stocks dealt in for the call included Raglan, Regentcrest, Pilkington, Amber Day, Chloride, Charterhall, and Scottish and Newcastle. Puts were arranged in Savills, Harris Queensway and Chloride, while Regentcrest were dealt in for the double.

FINANCIAL TIMES STOCK INDICES

	July 26	July 25	July 22	July 21	July 20	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.80	87.92	87.88	87.92	87.78	88.76	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.40	97.44	97.39	97.38	97.37	96.52	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1473.0	1474.1	1479.4	1496.9	1497.9	1855.0	1510.5 (11/7)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	213.2	215.0	214.7	216.2	220.8	440.0	312.5 (7/1)	195.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.58	4.57	4.55	4.50	4.50	3.10				
Earnings Yld. % (full)	11.61	11.61	11.56	11.43	11.42	7.52				
P/E Ratio (net)(*)	10.52	10.53	10.57	10.69	10.70	16.35				
SEAQ Bargains (5pm)	22,693	21,933	23,221	24,011	24,906	51,949				
Equity Turnover (£m)	-	691.68	960.84	1196.50	1020.75	1665.21				
Equity Bargains	-	23,734	24,780	26,386	26,288	66,801				
Shares Traded (ml)	-	267.4	360.8	407.3	381.9	773.2				

S.E ACTIVITY

Indices	July 25	July 22
Gilt Edged Bargains	111.0	117.5
Equity Bargains	153.8	160.6
Equity Value	1398.1	1942.1
5-Day average		
Gilt Edged Bargains	126.0	131.9
Equity Bargains	164.0	172.1
Equity Value	1991.8	2134.4

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1479.3	1482.2	1481.1	1480.8	1481.5	1478.9	1478.0	1478.6

Day's High 1482.5 Day's low 1472.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.42.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (82).

AMERICANS (1) Amdac, CANADIANS (2) Gt Pacific Res., Spiral Eng, BANKS (2) Guinness Mahon, Rothschild (J.) Wrrts., BREWERS (3) Fuller, S.T.A., Marston Thompson, Morland, BUILDINGS (3) Arncliffe, Lilley (F.J.C.), Ruberoid, CHEMICALS (3) Akzo, MTM, Porvair, STORES (3) Coles Myer, Oliver (G.) "A", Sock Shop Intl., ELECTRICALS (7) Admiral Computing, CASE Group, Isopad Intl., NEC Corpn., P & P, Redemac, Sony Co., ENGINEERING (1) Thornton (G.W.), FOODS (4) [illegible] Earl's of Whitney, TRUSTS (4) Brit. Invest. Cambrian & Gen Cap., Murray Smllr Mkts B, Rights & Issues Cap., OILS (3) Intl Pet Corpn., Norsk Hydro, Peko Oil, MINES (2) Explaura Hldgs Ltd-Vtg., Gencor, THIRD MARKET (2) M.L. Holdings, Video Tape Recording.

NEW LOWS (28).

BRITISH FUNDS (1) Funding 6¼pc 1987-91, CANADIANS (1) Geodome Res., BANKS (3) Gerrard & National, King & Shaxson, CHEMICALS (1) Chemoxy Intl., STORES (4) Fields [illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,000	General Accident	2,600	Prudential	1,000
Abbey Life	802	General Elect.	4,500	Racal	3,200
Allied-Lyons	311	Glaxo	918	Rank Org.	350
Amstrad	2,000	Globe Investment	164	RMC	18
Argyll Group	403	Glynwed	380	RHM	1,200
Assoc. Brit. Foods	32	Granada	1,800	Reckitt & Colman	7
BAA	546	Grand Met	920	Redland	183
BAT	520	GUS "A"	398	Reed Intl.	1,600
BET	488	Guardian R.E.	1,100	Reuters "B"	1,800
BICC	496	GKN	368	RTZ	1,000
BOC	443	Guinness	785	Rolls-Royce	2,000
BPB Inds	1,800	Hammerson	6	Rothmans "B"	270
BTR	1,100	Hanson	2,200	Ryl Bank Scotland	67
Barclays	881	Hawker Siddeley	662	Royal Insurance	497
Bass	773	Hillsdown Holdings	377	STC	1,100
Beecham	2,100	IMI	474	Saatchi & Saatchi	215
Blue Arrow	960	ICI	1,000	Sainsbury	949
Blue Circle	1,500	Inchcape	732	Scott & Newcastle	214
Boots	913	Jaguar	1,200	Sears	1,400
Brit. Airways	1,800	Ladbroke	910	Shell Transport	1,100
Brit. Aerospace	1,200	Land Securities	1,500	Smith & Nephew	819
Brit. & Comm.	1,700	Laporte	74	Standard Chartered	112
British Gas	4,300	Legal & General	1,400	Storehouse	661
BP	1,600	Lloyds Bank	1,000	Sun Alliance	51
Brit. Telecom	2,700	LASMO	485	T & N	309
Burmah Oil	136	Lonrho	1,200	TSB	925
Burton	803	Lucas	271	Tarmac	1,200
Cable & Wireless	1,300	MEPC	1,000	Tate & Lyle	504
Cadbury Schweppes	1,100	Marks & Spencer	1,400	Tesco	1,700
Coats Viyella	1,800	Maxwell Comm.	178	THORN EMI	327
Commercial Union	1,100	Metal Box	556	Trafalgar House	378
Cons. Gold	732	Midland Bank	557	Trusthouse Forte	528
Cookson	609	NatWest Bank	3,000	Ultramar	909
Courtaulds	1,500	Next	327	Unilever	152
Dalgety	265	Northern Foods	1,000	United Biscuits	1,900
Dee Corporation	909	Pearson	33	Wellcome	161
Dixons	984	Pearl Group	108	Whitbread "A"	2,100
English China Clays	679	P & O	320	Williams Holdings	1,100
Enterprise Oil	862	Pilkington	1,500	Wimpey	296
FKI Babcock	1,200	Plessey	1,600	Woolworth	160
Fisons	5,600				

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Tuesday July 26 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Mon Jul 25 Index No.	Fri Jul 22 Index No.	Thu Jul 21 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (209)	801.32	......	10.03	3.96	12.34	14.06	801.42	805.72	812.88	1002.22
2 Building Materials (29)	1014.12	+1.2	11.22	4.17	10.93	18.65	1002.21	1009.30	1017.10	1305.87
3 Contracting, Construction (37)	1600.07	+0.1	10.38	3.35	12.60	26.91	1598.15	1607.48	1606.97	1851.86
4 Electricals (12)	2171.48	-0.7	8.53	4.59	14.48	48.13	2187.97	2188.69	2222.81	2684.26
5 Electronics (31)	1748.58	-0.5	9.72	3.45	13.11	21.33	1758.01	1770.13	1792.57	2145.48
6 Mechanical Engineering (56)	417.35	-0.6	9.81	4.19	12.63	8.32	419.87	421.87	426.70	533.19
8 Metals and Metal Forming (7)	497.82	-1.1	9.34	3.76	13.21	7.95	503.36	505.93	509.08	579.23
9 Motors (14)	280.67	-0.2	11.66	4.57	9.94	5.22	281.33	282.71	285.81	391.77
10 Other Industrial Materials (23)	1317.35	+0.4	8.90	4.23	13.43	27.43	1312.66	1316.00	1323.85	1645.00
21 CONSUMER GROUP (186)	1090.12	-0.1	9.03	5.61	14.00	17.13	1091.52	1097.12	1103.16	1364.57
22 Brewers and Distillers (21)	1183.92	-0.4	10.77	3.69	11.71	17.67	1188.65	1116.57	1117.13	1229.61
25 Food Manufacturing (21)	1002.80	-0.1	8.62	3.64	14.85	17.45	1003.76	1007.44	1013.16	1046.72
26 Food Retailing (16)	1982.60	+0.1	8.75	3.36	15.13	21.46	1981.37	2008.25	2012.29	2543.59
27 Health and Household (12)	1831.60	......	6.79	2.66	17.09	17.98	1832.48	1836.01	1853.45	2597.32
29 Leisure (30)	1329.30	-0.1	8.67	3.76	14.77	24.56	1330.87	1339.21	1346.11	1431.69
31 Packaging & Paper (17)	531.86	+0.4	9.26	5.79	13.05	9.15	529.54	528.46	528.09	720.14
32 Publishing & Printing (18)	3512.27	......	8.12	4.35	15.52	72.37	3518.19	3527.72	3522.84	4403.06
34 Stores (34)	807.51	-0.2	10.28	4.03	12.79	14.57	809.29	814.29	820.97	1148.01
35 Textiles (17)	604.70	-0.4	11.44	4.50	10.26	12.51	607.39	609.32	615.64	837.00
40 OTHER GROUPS (93)	892.24	+0.3	10.97	4.38	11.18	17.30	889.73	894.22	904.60	1156.62
41 Agencies (19)	1137.98	-0.8	7.67	2.44	16.46	15.71	1147.02	1152.92	1165.33	1758.78
42 Chemicals (21)	1060.64	+0.6	11.40	4.63	10.71	24.96	1054.13	1061.70	1074.68	1453.64
43 Conglomerates (13)	1202.77	-0.1	10.41	4.45	11.08	20.98	1203.70	1206.98	1219.86	1468.17
45 Shipping and Transport (12)	1896.46	-0.2	11.29	4.72	11.73	34.04	1900.16	1903.38	1918.32	2404.07
47 Telephone Networks (2)	955.82	+1.1	11.65	4.66	11.14	20.38	945.86	950.13	967.96	1139.67
48 Miscellaneous (26)	1185.32	-0.1	11.46	4.35	9.96	20.93	1186.66	1196.13	1200.83	1630.93
49 INDUSTRIAL GROUP (488)	973.32	......	9.83	3.91	12.67	16.74	973.19	978.22	986.08	1229.50
51 Oil & Gas (12)	1831.00	-0.1	10.90	5.81	11.79	39.80	1832.97	1834.40	1858.07	2312.25
59 500 SHARE INDEX (500)	1045.98	......	9.98	4.10	12.54	18.74	1046.02	1050.78	1059.94	1321.41
61 FINANCIAL GROUP (122)	709.85	+0.2	-	4.79	-	15.33	707.58	708.08	714.51	862.40
62 Banks (8)	685.17	-0.1	20.89	6.13	6.42	18.03	686.01	688.92	696.53	877.15
65 Insurance (Life) (8)	1056.52	+0.3	-	4.75	-	24.97	1053.16	1049.56	1061.03	1137.95
66 Insurance (Composite) (7)	554.62	+0.5	-	5.33	-	13.82	551.61	549.04	554.35	649.22
67 Insurance (Brokers) (7)	998.94	......	9.72	6.43	13.29	31.54	998.60	996.97	1009.11	1370.94
68 Merchant Banks (11)	356.90	-0.4	-	4.05	-	7.03	358.23	359.22	359.58	497.45
69 Property (51)	1215.93	+0.5	5.83	2.65	25.54	13.66	1209.68	1209.58	1218.80	1312.95
70 Other Financial (30)	379.78	+0.1	10.32	4.97	12.14	9.27	379.31	380.47	382.47	595.08
71 Investment Trusts (78)	914.55	+0.2	-	3.03	-	12.04	912.35	917.86	922.95	1124.40
81 Mining Finance (2)	527.46	-0.7	9.08	3.57	12.45	8.12	531.44	538.16	534.24	638.63
91 Overseas Traders (8)	1143.31	-0.5	18.08	4.89	11.66	29.22	1149.51	1164.83	1174.37	1156.28
99 ALL-SHARE INDEX (710)	958.20	......	-	4.24	-	17.60	957.99	962.01	978.11	1198.96

	Index No.	Day's Change	Day's High	Day's Low	Jul 25	Jul 22	Jul 21	Jul 20	Jul 19	Year ago
FT-SE 100 SHARE INDEX ‡	1837.7	-0.8	1849.8	1836.8	1838.5	1844.8	1864.4	1867.2	1844.8	2359.9

FIXED INTEREST

PRICE INDICES	Tue Jul 26	Day's change %	Mon Jul 25	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	120.22	-0.09	120.32	-	7.00
2 5-15 years	136.08	-0.13	136.67	0.42	8.36
3 Over 15 years	147.52	-0.13	147.71	-	6.88
4 Irredeemables	162.96	+0.03	162.91	-	7.30
5 All stocks	133.67	-0.11	134.03	0.21	7.73
Index-Linked					
6 5 years	127.85	......	127.84	-	1.12
7 Over 5 years	120.59	+0.02	120.57	-	2.13
8 All stocks	121.02	+0.02	121.00	-	2.04
9 Debentures & Loans	117.67	......	117.66	-	6.54
10 Preference	93.29	+0.05	93.25	-	3.43

AVERAGE GROSS REDEMPTION YIELDS		Tue Jul 26	Mon Jul 25	Year ago (approx.)
British Government				
1 Low	5 years	9.54	9.50	8.35
2 Coupons	15 years	9.45	9.42	9.34
3	25 years	9.23	9.21	9.35
4 Medium	5 years	10.00	9.95	9.52
5 Coupons	15 years	9.68	9.66	9.59
6	25 years	9.45	9.45	9.59
7 High	5 years	10.10	10.06	9.66
8 Coupons	15 years	9.84	9.82	9.72
9	25 years	9.49	9.47	9.44
10 Irredeemables†		9.67	9.64	9.21
Index-Linked				
11 Inflation rate 5%	5yrs.	2.84	2.84	2.56
12 Inflation rate 5%	Over 5 yrs.	3.85	3.85	3.80
13 Inflation rate 10%	5yrs.	1.78	1.77	2.33
14 Inflation rate 10%	Over 5 yrs.	3.68	3.68	3.75
15 Debs &	5 years	10.88	10.88	10.47
16 Loans	15 years	10.85	10.85	10.50
17	25 years	10.85	10.85	10.53
18 Preference†		9.66	9.66	10.38

‡Opening index 1845.6; 10 am 1849.2; 11 am 1849.0; Noon 1848.2; 1 pm 1848.2; 2 pm 1845.3; 3 pm 1843.9; 3.30 pm 1843.5; 4 pm 1843.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

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July 26 Total Contracts 32,232 Calls 22,934 Puts 9,298
FT-SE Index Calls 5378 Puts 2272
*Underlying security price.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	12	93	8
Corporations, Dominion and Foreign Bonds	1	16	35
Industrials	376	324	889
Financial and Properties	185	91	381
Oils	28	24	58
Plantations	2	4	7
Mines	34	80	77
Others	102	69	92
Totals	740	701	1,547

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · GERMANY (continued) · ITALY · NETHERLANDS · NETHERLANDS (continued) · NORWAY · SPAIN · SWEDEN · SWEDEN (continued) · SWITZERLAND · SOUTH AFRICA

JAPAN · AUSTRALIA · AUSTRALIA (continued) · HONG KONG · SINGAPORE

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
2pm prices July 26

OVER-THE-COUNTER

Nasdaq national market, 2pm prices July 26

Continued from page 41

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Beecham	470	+	5
Bullough	478	+	10
CASE	122	+	29
Hickson Intl.	243	+	6
Ibstock Johnsen	191	+	18
Int. Pet. Corp.	299	+	24
Land Securities	557	+	7
Leisure Inv.	104	+	6
Lilley (F.J.C.)	54	+	10
MEPC	529	+	8
P & P	249	+	11
Rosehaugh	727	+	8
Ruberoid	205	+	43
Smith (D.S.)	366	+	8
Sutcliffe Spkmn.	132	+	11
Tate & Lyle	865	+	8
Trent Holdings	182	+	13

FALLS			
Devenish (J.A.)	329	−	10
Dowty	202	−	9½
Fisons	250	−	6
GUS A	£10¼	−	⅛
Habit Precision	68	−	6
Highland Ptopts.	268	−	6
LandLeisure	420½	−	15½
Whitbread A	303	−	8
Wood (J.D.)	143	−	7

TOKYO - Most Active Stocks

Tuesday 26 July 1988

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	190.98m	770	+20
Mitsubishi Heavy Ind	105.54m	990	+40
Mitsui Eng & Shpbdg	92.06m	729	+28
NKK	38.29m	699	+24
Kawasaki Steel	37.65m	721	+21
Ishikawajima-Harima Heavy Ind	34.40m	1,050	+75
Kawasaki Heavy Ind	26.98m	716	+39
Toshiba	21.46m	1,160	-10
Hitachi	19.66m	1,916	-20
Kobe Steel	17.89m	590	+26

INDICES

NEW YORK — DOW JONES

	Jul 25	Jul 22	Jul 21	Jul 20	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2071.93	2060.99	2086.39	2110.60	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.25	88.16	88.23	88.40	91.25 (3/3)	86.12 (4/1)	−	−
Transport	858.27	857.38	869.47	883.06	908.45 (5/7)	757.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	175.85	175.50	177.45	178.76	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2082.48 (2092.46) Low 2048.54 (2050.32)

STANDARD AND POOR'S	Jul 25	Jul 22	Jul 21	Jul 20	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite‡	264.68	263.50	266.66	270.00	275.66 (22/6)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	306.95	304.36	308.00	312.07	318.54 (22/6)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	24.13	24.12	24.39	24.65	24.92 (30/6)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	149.74	149.25	150.90	152.56	156.35 (22/6)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	304.68	306.11	308.20	309.18	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	387.12	382.36	388.86	391.63	394.77 (18/7)	331.97 (12/1)	455.26 (26/8/87)	54.87 (31/10/72)

	Jul 22	Jul 15	Jul 8	year ago (approx.)
Dow Industrial Div. Yield	3.62	3.51	3.55	2.77

	Jul 20	Jul 13	Jul 6	year ago (approx.)
S & P Industrial div. yield	3.12	3.13	3.07	2.48
S & P P/E ratio	14.14	14.10	14.24	23.28

TRADING ACTIVITY

†Volume (Millions)	Jul 25	Jul 22	Jul 21
New York	225.387	148.880	149.460
Amex	9.650	11.599	10.958
OTC	96.962	283.220	132.761

NEW YORK	Jul 25	Jul 22	Jul 21
Issues Traded	1,931	1,926	1,956
Rises	676	394	401
Falls	752	1,076	1,065
Unchanged	503	456	490
New Highs	14	13	21
New Lows	14	19	10

CANADA

TORONTO	Jul 25	Jul 22	Jul 21	Jul 20	1988 High	1988 Low
Metals & Minerals	2992.1	3029.4	3094.2	3148.2	3210.5 (15/7)	2238.7 (8/2)
Composite	3362.3	3381.7	3395.7	3420.8	3456.6 (8/7)	2977.9 (8/2)
MONTREAL Portfolio	1603.92	1673.48	1684.95	1699.21	1707.89 (18/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Stothers	1,536,200	32¼	+ ⅛
Pinnacle	5,787,200	34⅞	− ⅛
Cinn Gas	6,042,700	27⅝	− ⅛
Chase Manhattan	3,635,900	29	− ⅛
Pullman	1,479,100	7⅛	− ⅛
East Util	1,243,500	25	—
Sec Pacif	1,144,100	36⅛	—
IBM	1,131,400	128¼	+ 2⅛
Compaq Computer	1,105,100	57⅞	− 1½
Tandem Comp	1,100,700	13⅛	—

Base values of all indices are 100 except NYSE All Common — 50; Standard and Poor's — 10; and Toronto Composite and Metals — 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	July 26	July 25	July 22	July 21	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1619.6	1630.2	1636.2	1653.2	1642.5 (18/7)	1170.7 (10/2)
All Mining (1/1/80)	831.9	846.9	847.4	842.8	847.4 (22/7)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	186.8	187.0	187.09	187.35	187.63 (18/7)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	4893.3	4864.5	(c)	(c)	5043.1 (9/3)	3608.35 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	224.12	224.18	224.66	224.69	226.57 (6/7)	180.68 (4/1)
FINLAND						
Unitas General (1975)	757.0	759.1	762.0	760.0	762.0 (22/7)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	(u)	351.2	349.9	349.5	368.5 (8/7)	251.3 (29/1)
Ind. Tendance (31/12/87)	131.6	130.7	130.6	131.2	137.6 (7/7)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	481.94	475.80	477.94	487.07	495.78 (8/7)	396.40 (29/1)
Commerzbank (1/12/53)	1468.4	1447.8	1454.8	1483.2	1507.3 (8/7)	1207.9 (29/1)
DAX (30/12/87)	1176.44	1160.46	1153.73	1165.42	1199.96 (5/7)	931.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2655.62	2647.41	2661.77	2687.37	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	523.97	518.49	520.91	525.28	545.07 (18/3)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	27303.76	27183.53	27285.01	27676.14	28342.46 (17/6)	21217.04 (4/1)
Tokyo SE New (4/1/68)	2155.08	2147.16	2147.46	2176.08	2219.98 (15/6)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	273.6	269.6	269.8	223.7	273.7 (21/7)	205.7 (4/1)
ANP-CBS Industrial (1970)	227.8	225.5	225.7	229.4	229.4 (21/7)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	421.26	419.76	420.83	423.64	423.64 (21/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1132.48	(c)	1142.61	1152.50	1152.50 (21/7)	833.60 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1342.0	1360.0	1377.0	1383.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1715.0	1741.0	1748.0	1757.0	1758.0 (20/7)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	290.40	(c)	290.70	291.34	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3034.10	3031.29	3034.3	3049.3	3049.3 (21/7)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	543.0	542.4	545.5	547.1	555.3 (11/7)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	444.2	445.3	447.2	465.2 (15/6)	401.0 (21/1)

**Saturday July 23: Japan Nikkei 27301.34 and TSE 2152.63
♦ Subject to official recalculation

Base values of all indices are 100 except Brussels SE and DAX — 1,000 JSE Gold — 255.7 JSE Industrials — 264.3 and Australia, All Ordinary and Mining — 500; (c) Closed. (u) Unavailable.

3pm prices July 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		— A—A—A —								
27¾	14	AAR s	.36	1.4	19	290	25⅞	25½	25⅝	- ¼
12¾	6¾	ACMIn	s1.30e	11.		390	11¾	11½	11½	- ⅛
17¼	10¾	ACMSc	s1.26	11.		198	11⅛	11⅛	11⅛	- ⅛
15¼	6	ACMSp s				157	9⅛	8¾	8¾	- ⅛
27¾	16½	AGS			20	42	26⅞	20¾	26¼	- ¼
7⅞	2¾	AMCA				61	4	4	4	
6⅝	3¼	AM Intl				1530	5¾	5½	5⅝	+ ⅛
27¾	17	AM Int pf 5		9.2		x483	21⅞	21⅝	21¾	+ ⅛
60½	36¾	AMR			9	3392	45⅞	44⅞	45	
31	25	ANR pf 2.67		10.		1	26¼	25⅞	25¾	+ ⅛
24¼	19	ANR pf 2.12		9.0		10	23⅞	23⅝	23⅝	- ⅛
11⅛	6¾	ARX			11	83	8⅞	8¾	8¾	- ⅛
72⅞	40¼	ASA	3	7.4		464	41⅛	40½	40¾	+ ⅛
27⅞	9½	AVX	.06e	.3	12	456	18⅛	18	18⅛	
66⅞	40	AbtLab	1.20	2.7	14	2684	44⅞	43⅞	44¼	+ ⅛
29	15⅞	Abitibi g	1			15	17⅞	17⅝	17¾	+ ⅛
18¾	8½	AcmeC	.40	3.8		41	10¾	10½	10½	- ⅛
16½	6⅝	AcmeE	.32b	4.6	22	101	7	6¾	7	+ ¼
20	14⅞	AdaEx	3.05e	19		34	15⅞	15⅝	15¾	
10¼	6⅞	AdamMl	.24	1.8	10	13	10⅞	10⅞	10¾	
34⅞	11½	AMD				1566	13⅞	13½	13⅞	
11⅞	4⅝	Adobe			12	313	7¾	7⅝	7½	
26¼	18¾	Adob pf 1.84		10.		6	18	18	18	
21¾	17½	Adob pf 2.40		11.		5	21⅛	21⅛	21⅛	
16	5⅞	Advest	.12	1.4	18	795	8½	8⅜	8½	
54¾	39½	AetnLf	2.76	6.2	6	1536	44½	43⅞	44¼	+ ¼

Continued on Page 41

NYSE COMPOSITE PRICES

Continued from previous Page

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 20 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices July 26

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OVER-THE-COUNTER

Nasdaq national market, 3pm prices July 26

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WORLD STOCK MARKETS

AMERICA

Dow dithers as turnover shrinks and bonds drop

Wall Street

TRADING in equities remained sluggish on Wall Street yesterday and there continued to be little overall direction, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was quoted 6.05 points higher at 2,077.88. Volume, after Monday's heavy trading in stocks about to go ex dividend, dipped back to very low levels. By midsession, only 58m shares had changed hands.

Treasury bonds came under some pressure after the release of US durable goods orders for June which showed s mnch larger-than-expected increase of 8.8 per cent.

Bond prices had dropped by ¼ point by midsession with the Treasury's 30-year benchmark issue quoted ⅛ point down for a yield of 9.19 per ceot.

Forecasts for the durable goods orders had covered a wide range, but the highest estimste had heen for an increase of 6 per cent, with most predictions centring on a 2 per cent rise.

The price declines in the bond market were only moderate, mostly because the huge rise in orders was dominated by two items. There was a rise of 88.5 per cent in defence capital goods orders and a 35.5 per cent increase in transportation equipment. Non-defence capital goods rose a strong 9.8 per cent.

If defence orders were stripped out, durahle goods orders would hsve risen by only 2.8 per cent and, if transportation were exclnded as well, June orders would have shown a decline.

Other figures published yesterday received less attention in the market. The Department of Labour published its usual quarterly figures on employment and costs. The figures showed a rise of 3.7 per cent in wages and salaries in the three months from April to June, the highest quarterly rise since the same quarter last year.

Among featured stocks was Amfac, which dropped $⅛ to $46⅞, wiping out Monday's gains, after news that it had agreed in principle to he acquired by JMB Realty for $49 a share.

San Diego Gas & Electric added $1¼ to $34⅛ after the company said it had received an offer from Scecorp, the parent company of Southern California Edison, which rose $¼ to $31⅛. Acquisition would be through a stock swap.

International Business Machines added $⅛ to $122⅞. IBM has won an order from the Department of Transportation worth $3.6bn to modernise the computer equipment used by air traffic controllers. The company also unveiled a powerful new general purpose processor.

Armtek rose $1⅛ to $34⅛ in heavy volume after news that Mark IV Industries had gained clearance to begin building a' stake of up to 15 per cent.

In over-the-counter trading, Microsoft dropped $2⅛ to $58 on news that the company had earned net income of 54 cents a share from the fourth quarter ended June 30 compared with 31 cents a year earlier, a figure below market expectations.

Among companies announcing results was retailer Sears, Roebuck, which dropped $¼ to $35⅝ on news that its net earnings had dipped to 98 cents a share in its latest quarter from $1.03 a year ago.

Texaco added $¼ to $47¼ after reporting net income of $2.17 a share compared with 53 cents a share a year earlier. The latest quarter includes a gain of $1.24 a share from the sale of its West German subsidiary.

Salomon Brothers dipped $⅝ to $22⅝ despite a jump in year earnings to 49 cents a share compared with 26 cents a year earlier.

Canada

GOLD stocks recovered some of Monday's losses, but metals and industrials declined, pushing Toronto share prices down overall yesterday.

The composite index dropped 5.1 to 3,357.3 on volume of 7.5m shares.

Nova was the most active issue, falling C$⅛ to C$12⅝.

Canadian Imperial Bank rose C$⅜ to C$23⅛ after saying it would raise the interest rate on its Visa cards in October.

SOUTH AFRICA

THE sharp fall in the financial rand helped to cushion the effects of a lower bullicn price, but gold shares ended weaker after a generally quiet session.

Vaal Reefs lost R5 to R292, Freegold fell R1 to R29,50 and Deelkraal was 50 cents lower at R9.80. Diamond issue De Beers fell 85 cents to R39.50.

Black Monday still dominates illiquid and complex market

The Johannesburg Stock Exchange is a market unto itself – extremely *illiquid, with a complex web of* shareholdings and at the behest of the country's individual mix of political and economic policies.

Since October's crash it has been one of the world's worst performers, failing to recover significantly its Black Monday losses. Daily turnover has dropped to about two-fifths of pre-crash levels and shows no sign of early recovery.

Market sentiment tends to be dominated by investors' perceptions abont gold and, increasingly, by foreign divestment from South Africa. Few non-mining shares are held by investors outside the country.

The market's capitalisation stood at R239bn ($99bn) at the end of May. However, between 45 and 50 per cent of this is represented by double counting of cross-holdings and subsidiaries of mining and investment companies, as well as the capitalisation of a handful of foreign shares quoted on the JSE. The top 10 shares account for about 30 per cent of total market capitalisation, but this figure also includes some double counting.

In round figures, no more than 30 per cent of the total market is freely tradeable. Mr Tony Norton, the JSE president, estimates the market's liquidity ratio – defined as the value of shares traded over a year as a percentage of the market capitalisation through the year – at a meagre 5 per cent. This compares with 65 per cent in London and 50 per cent in New York, according to figures provided by the two leading exchanges.

Exchange controls prevent South Africans from investing abroad, so institutions fear that if they sell investments they will find it difficult to re-establish their positions.

Capital gains tax does not exist and a tax on trading profits is not normally levied. However, mining houses are generally reluctant to sell long-standing holdings in gold or other mining shares because they can be taxed on capital gains if their trading is active and they are classified as share dealers for tax purposes. They and other institutions have large "strategic" holdings, which they rarely trade, in a wide range of companies.

Institutions' preference for building cash reserves in anticipation of privatisations, rather than buying equities, has also hindered post-crash recovery.

Non-residents invest through the so-called financial rand, an investment currency which can trade at a discount to the commercial rand of as much as 50 per cent. Dividends are remitted abroad at the commercial rand exchange rate, with the effect that South African shares offer higher yields to non-residents than residents, in spite of a 15 per cent non-resident shareholders' tax.

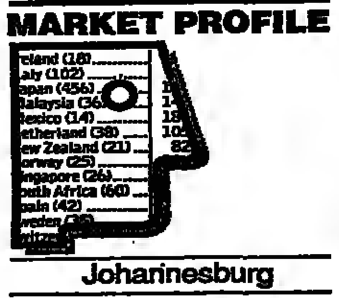
There are no general restrictions on foreign ownership of shares, althongh overseas investors may not own more than 15 per cent of a South African banking company and no individual may own more than 10 per cent of a bank without official permission.

The exchange trades from 9.30 am to 1 pm and from 2 pm to 4 pm. Deals are also struck outside trading hours

The trading system is paper-based and likely to remain so for at least five years. The JSE hopes to establish a depositary scrip bank for gilts in the next three years and to switch to an electronic system within five. A similar development for ordinary shares would come later.

Jim Jones

MARKET PROFILE



Johannesburg

STOCK MARKET FACT CHART JOHANNESBURG

Market capitalisation: about R239bn ($1=R2.4115), (£1=R4.1875)
Number of shares listed: 783
Top 10 stocks, percentage of market: 30%
Trading hours: 9.30 am-1 pm; 2 pm-4 pm; after hours trading with London and New York
Average daily turnover on bourse, 1988: R40m
Main indices: JSE Gold; JSE Actuaries Overall (171 stocks)
Current level of index (JSE Gold): 1,342.04; 1988 high: 1,451.0 (7/7); 1988 low: 1,154.0 (4/5)
Settlement: seven days

Address: Johannesburg Stock Exchange, P.O.Box 1174, Johannesburg 2000. Tel: (27 11) 833 6580

ASIA PACIFIC

Nikkei advances in hesitant trade and thin volume

Tokyo

BIG-CAPITAL stocks saw strong demand in Tokyo yesterday and share prices closed higher, although the market's generally hesitant mood continued, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average rallied 120.28 to 27,303.76. It hit the day's low of 27,208.95 at the start and a high of 27,347.06 not long after the opening. Transactions rose from Monday's 627m shares on increased trading in large-capital issues, but still reached only 905m.

In later London trading, Japanese stocks rose further, with the ISE/Nikkei 50 index up 2.77 at 1,824.01.

In Tokyo, most investors stayed away on the last trading day for delivery within this month. The tug of war between large-capitalisation stocks and high-technology issues for market leadership this summer continued, with a leading securities house favouring steels, Mitsubishi Heavy Industries and other big-capital issues as its recommended stocks for August.

However, other houses doubted such stocks would attract renewed buying because of recent heavy demand pushing them to record price levels.

Nippon Steel, which remained the most active issue, jumped Y26 to an all-time high of Y770, with trading soaring from Monday's 63.2m shares to 191m. NKK rose Y24 to Y699 and Kawasaki Steel Y21 to Y721.

Shipbuildings showed larger gains than steels. Mitsubishi Heavy Industries, second on the active list with volume reaching 105.6m shares, registered a Y40 increase to Y990, while Ishikawajima-Harima Heavy Industries advanced Y75 to Y1,050.

High-tech equities were steady, with Matsushita Electric Industrial and NEC closing unchanged at Y2,850 and Y2,280 respectively. However, Sony shot up Y30 to score another all-time high of Y6,530.

Bond prices weakened with trading limited to small-lot speculative transactions, amid annoyance at the amount of the issue of August 10-year government bonds, which exceeded most forecasts by Y100bn to Y200bn.

The yield on the benchmark 5.0 per cent government bond, due in December 1997, fluctuated around 4.985 per cent, compared with Monday's 4.955 per cent, after rising above 5.0 per cent.

On the Osaka Securities Exchange, investors sought big-capital issues but steered clear of companies based in the Kansai western Japan region. As a result, the OSE stock average continued to dip, losing 14.48 to 26,910.10. Volume rose 19m to 78.7m shares.

Roundup

LIGHT trading in the Asia Pacific markets did not reveal any clear trend.

AUSTRALIA fell further as declining bullion and base metal prices put resources stocks under pressure. The All Ordinaries index shed 10.6 to 1,619.6 in thin trading of 109m shares worth A$165m.

The gold index dropped 49 points to 1,978.3, with Sons of Gwalia losing 30 cents to A$6.90.

In industrials, Telectronics rose 68 cents to A$1.95 after a bid from Pacific Dunlop, down 8 cents at A$4.47.

SINGAPORE returned from the long weekend to face early profit-taking and prices finished weaker, although afternoon bargain-hunting helped reduce the losses. The Straits Times industrial index was off 10.32 at 1,182.48.

Trading was dominated by Malaysian speculative stocks and low-priced issues.

HONG KONG had a lacklustre day, with turnover falling sharply and equities rising marginally. The Hang Seng index rose 8.21 to 2,655.62.

Bank of East Asia, announcing an interim dividend of 25 cents for last year, fell 40 cents to HK$18.

EUROPE

Privatisation stocks prop up Paris

THE SPRIGHTLY dollar and speculative buying helped to boost leading European bourses yesterday and turnover recovered somewhat from Monday's gloomy levels, *writes Our Markets Staff.*

PARIS was buoyed by activity in privatisation and pharmaceutical stocks, as well as the firmer dollar and gains on Wall Street, and ended the day higher, with the EFX 50 index up 2.33 at 351.9.

Privatisation issues were boosted by news that the Government was replacing the chairman of leading French insurance company UAP, Mr Jean Dromer, with Mr Jean Peyrelevade.

The move, which swaps a right-leaning chairman for a left-leaning one, is seen in the market as part of an attempt to break the hard core shareholdings in privatised companies.

But some analysts believe the changeover – which is traditional when the political colour of the government changes – is merely designed to placate popular opinion. It was unlikely that the Government would try, or even be able, forcibly to buy up stakes held by the *noyaux durs*, they said.

Nevertheless, the perception that the Government might offer a generous price for such stocks pushed them higher, and Hsvas added FFr14 to FFr692 and CGE FFr15 to FFr326.

In pharmaceuticals, news of developments in an AIDS-related drug gave Institut Mérieux, an illiquid stock, FFr420 to FFr4,075, a gain of 11.5 per cent. Roussel Uclaf rose FFr21 to FFr786.

Lyonnaise des Eaux, up FFr72 at FFr1,500, heard that the UK Department of Trade and Industry would not refer to the Monopolies Commission its bid for Essex Water. The stock ssw a heavy 74,900 shares dealt, with a large line apparently put through London at a premium to the market price.

Total market volume was estimated to be higher than the FFr833m registered on Monday, when one third of the turnover was accounted for by a large bloc in sugar producer Béghin Say. Suez was said to be the seller, with Ferruzzi of Italy mooted as a possible buyer. Béghin Say was up FFr3.20 at FFr429 yesterday.

FRANKFURT saw both prices and turnover pick up on the continuing firmness of the dollar and Wall Street's overnight gains. Trading levels were moderate at DM2.4bn, but showed a marked improvement on Monday's weak DM1.6bn.

The dollar appeared to have won out at least temporarily against fears of higher interest rates, although investors are still cautious about the Bundeshank's council meeting tomorrow, the last before the summer break. UK hrokers BZW said the market had accepted a further rise in interest rates in theory, but in practice it could well dampen sentiment in the short-term.

The FAZ index rose 6.14 to 481.94 and the DAX index closed up 15.98 at 1,176.44.

Chemicals again did well, with Bayer up DM4.30 at DM291.30. In cars, Daimler added DM9 to DM689, recovering from a low of DM675 in thin turnover. MAN, which is considering closer cooperation with Daimler on truck production, rose DM9.10 to DM197.50 in a strong engineering and construction sector.

Another factor unsettling equities was the continued weakness in bonds, which fell between 10 pfg and 40 pfg under pressure from the rising dollar. The yield on the 6½ per cent 1998 federal bond rose to 6.82 per cent from 6.81 per cent.

MILAN rallied on foreign and local buying, but remained "a one-horse race", with interest focused on the telecommunications sector in fairly thin trading, according to one analyst. The Comit index added 5.48 to 523.97.

Stet rose L85 to L3,735 on continued speculation about the long-term advantages of an international link-up, with AT&T still widely mentioned.

Banca Commerciale gained L105 to L2,380 after extending its offer for Irving Bank of the US. There are suggestions that it would need to make a cash call to finance the bid.

BRUSSELS was mainly quiet but saw large turnover in Luxembourg steelmaker Arbed, which rose BFr155 to BFr2,355, a year'a high. Some 32,000 shares were traded, which analysts said was exceptional even for a stock that tends to be volatile and see sporadic heavy turnover.

There were no immediate explanations and apparently no rumours surrounding the stock. The steel company said last month it expected to show a substantial profit this year after heavy losses in 1987.

AMSTERDAM took some cheer from the firmer dollar but volumes remained low as international and domestic investors stayed sidelined. The CBS index rose 1.4 to 97.0.

Chemical Akzo saw demand in expectation that it will release good results next week, and rose Fl 4.10 to Fl 142.60, or 3 per cent.

STOCKHOLM gained ground on Wall Street's strength, with the Affärsvärlden index up 3.9 at 880.0.

ZURICH finished lower after a quiet day's trading with little corporate news to enliven events.

The Crédit Suisse index lost 3 to 465.5.

London

INTERNATIONAL equities were buoyed by the easier dollar in London yesterday, with ICI seeing a rise in US demand before tomorrow's results.

Early gains were pared, however, as Wall Street opened nervously and the FT-SE 100 index eased 0.8 to 1,837.7.

Vienna remains in 'delicate' state

VIENNA'S bourse needs a lift. This time last year foreign investors rushed in to give the share index a pre-holiday boost, but there has been little such activity in recent months, *writes Judy Dempsey.*

Mr Gerhard Wagner, bourse president, presented half-yearly results yesterday and tried to be optimistic, but, as he politely put it, the bourse remained "delicate."

The figures reveal the extent of the sluggishness: turnover at Sch2.48bn ($192m), down by 5 per cent. More telling is the lack of impact of this year's five new listings, including Austrian Airways. Despite swelling market capitalisation by Sch6.7bn to Sch89.9bn, they failed to enliven volumes or prices. Yesterday the share index was at 214.15, against a pre-crash 250.50 a year ago.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JULY 25 1988					FRIDAY JULY 22 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	150.02	–0.5	128.83	122.88	3.63	150.71	128.38	123.34	150.71	91.16	148.42
Austria (16)	86.25	–0.9	74.06	82.39	2.52	87.05	74.15	82.64	98.18	83.72	99.57
Belgium (63)	114.26	–1.5	98.12	109.75	4.60	115.99	98.80	110.55	139.89	99.14	129.99
Canada (129)	124.51	–1.1	106.92	108.78	3.08	125.91	107.25	109.23	128.91	107.06	135.28
Denmark (39)	128.44	–0.6	110.29	122.33	2.37	129.21	110.06	122.13	132.72	111.42	113.42
Finland (26)	132.04	–0.6	113.38	120.75	1.42	132.84	113.16	121.06	139.53	106.78	–
France (129)	92.29	–1.1	79.25	90.12	3.63	93.35	79.52	90.24	99.62	72.77	108.09
West Germany (100)	74.40	–1.6	63.89	71.38	2.59	75.59	64.39	71.80	80.79	67.78	97.62
Hong Kong (46)	107.74	–0.4	92.52	107.95	4.24	108.20	92.16	108.47	111.86	84.90	134.32
Ireland (18)	140.95	–2.2	121.04	136.36	3.48	144.16	122.80	138.33	144.25	104.60	138.27
Italy (102)	71.51	–1.5	61.41	72.79	2.76	72.58	61.82	73.23	81.74	62.99	95.73
Japan (456)	162.04	–1.0	139.15	135.31	0.53	163.74	139.47	135.22	177.27	133.61	134.13
Malaysia (36)	153.79	+0.1	132.06	155.18	2.37	153.67	130.90	155.21	154.42	107.83	179.15
Mexico (13)	160.05	–1.9	137.44	400.38	1.36	163.10	138.94	407.75	180.07	90.07	306.81
Netherland (38)	105.16	–0.9	90.30	99.93	4.63	106.07	90.36	99.78	110.66	95.23	125.75
New Zealand (21)	79.39	–0.6	68.17	62.74	6.04	79.90	68.06	63.50	84.05	64.42	107.91
Norway (25)	124.19	–0.2	106.65	112.69	2.68	124.39	105.96	112.27	132.23	98.55	149.14
Singapore (26)	131.86	+0.1	113.23	123.57	2.10	131.76	112.24	123.57	132.44	97.99	157.77
South Africa (60)	124.03	–0.5	106.51	93.97	4.57	124.64	106.17	94.77	139.07	118.10	178.30
Spain (43)	147.91	–0.7	127.01	136.65	3.25	148.89	126.82	136.65	164.47	130.73	133.07
Sweden (35)	118.13	–0.9	101.45	110.88	2.57	119.24	101.57	111.07	125.50	96.92	118.79
Switzerland (55)	78.72	–1.6	67.60	74.89	2.29	80.04	68.18	75.32	86.75	75.60	101.68
United Kingdom (325)	132.53	–1.2	113.80	113.80	4.40	134.17	114.29	114.29	141.18	123.09	152.57
USA (582)	108.00	+0.4	92.74	108.00	3.64	107.54	91.60	107.54	112.47	99.19	126.71
Europe (1014)	105.35	–1.3	90.47	96.31	3.75	106.68	90.87	96.68	110.82	97.01	124.20
Pacific Basin (674)	159.41	–1.0	136.89	133.60	0.73	161.02	137.16	133.56	172.26	130.81	134.62
Euro-Pacific (1688)	137.80	–1.1	118.34	118.72	1.66	139.30	118.66	118.83	147.53	120.36	130.51
North America (711)	108.88	+0.3	93.50	108.07	3.60	108.52	92.44	107.66	113.29	99.78	127.17
Europe Ex. UK (689)	88.49	–1.3	75.99	85.42	3.18	89.63	76.35	85.72	92.99	80.27	106.59
Pacific Ex. Japan (218)	127.75	–0.4	109.70	112.36	3.82	128.28	109.27	112.84	128.28	87.51	140.66
World Ex. US (1890)	137.23	–1.1	117.84	118.27	1.74	138.72	118.16	118.40	146.49	120.26	131.30
World Ex. UK (2147)	125.27	–0.5	107.57	114.77	2.14	125.93	107.27	114.65	131.77	111.77	127.22
World Ex. So. Af. (2412)	125.91	–0.6	108.12	114.81	2.34	126.66	107.89	114.74	132.39	113.26	129.16
World Ex. Japan (2016)	108.58	–0.3	93.24	104.23	3.67	108.87	92.74	104.17	112.43	100.00	127.28
The World Index (2472)	125.90	–0.6	108.11	114.67	2.35	126.65	107.88	114.61	132.38	113.37	129.48

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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Market holidays July 25: Malaysia, Singapore and Spain.
Latest prices were unavailable for this edition.